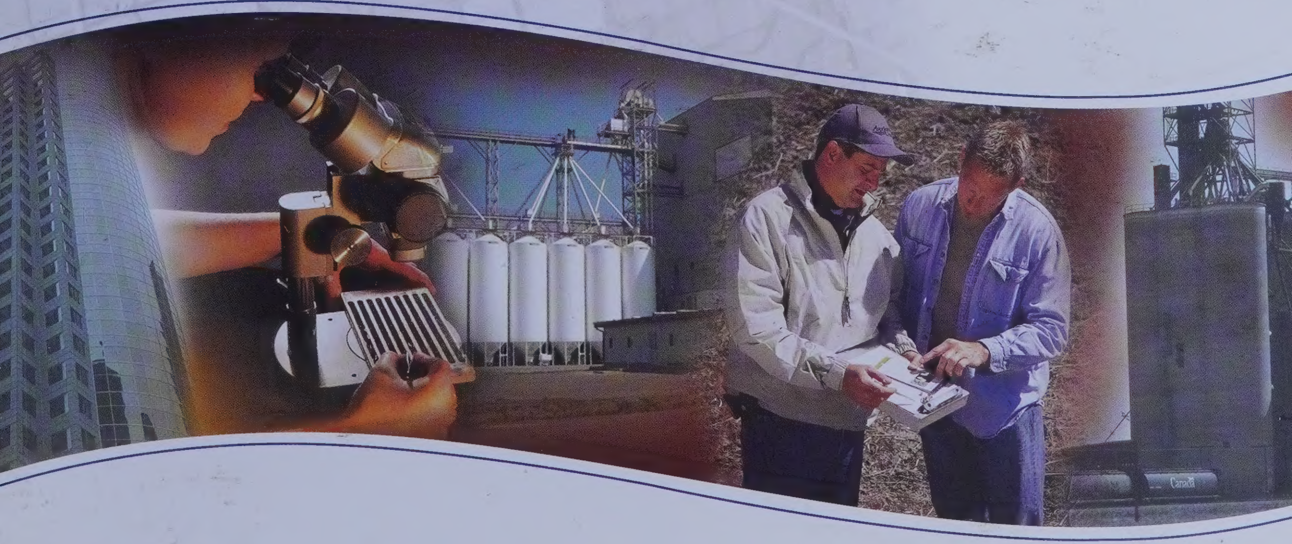
2005 Annual Report

Experience. Global. Growth.



Agricore United

BUSINESS SEGMENT OPERATING HIGHLIGHTS

For the twelve months ended October 31 *(unaudited)*

	2005	2004	2003	2002	Pro forma 2001
Grain Handling Segment					
Industry grain shipments (000s tonnes)	**28,847**	28,869	20,584	24,885	32,315
Company grain shipments (000s tonnes)	**9,945**	10,007	7,411	8,797	12,493
Average margin per tonne	**$ 21.26**	$ 21.34	$ 21.20	$ 23.72	$ 22.53
Terminal handling (000s tonnes)	**5,891**	5,606	3,742	4,930	7,932
Crop Production Services Segment					
Sales ($000)	**$ 815,802**	$ 735,229	$ 826,825	$ 676,446	$ 778,561
Average margin (%)	**22.7%**	22.0%	24.7%	22.0%	26.8%
Livestock Services Segment					
Feed					
Manufactured feed tonnes sold (000s tonnes)	**982**	885	816	915	845
Average feed margin per tonne	**$ 43.66**	$ 42.91	$ 43.46	$ 39.16	$ 44.87
Livestock and other sales					
Sales and revenue from service	**$ 84,331**	$ 75,251	$ 58,522	$ 46,499	$ 36,032
Gross profit and net revenue from service	**$ 10,823**	$ 5,930	$ 4,929	$ 5,633	$ 7,491

STATISTICAL SUMMARY

For twelve months ended October 31
(in thousands, except ratios and per share amounts)

	2005	2004	2003	(unaudited) 2002	Pro forma 2001
Operating					
Gross profit and net revenue from services	**$ 460,581**	$ 428,497	$ 410,454	$ 411,384	$ 551,458
EBITDA	**128,737**	104,140	100,531	74,725	147,622
EBIT	**68,020**	38,929	27,931	(377)	55,802
Earning (loss) before income taxes, discounted operations and unusual items	**19,796**	(13,504)	(24,181)	(27,813)	4,933
Net earnings (loss)	**12,514**	(10,167)	(5,546)	(17,516)	(14,687)
Cash flow provided by operations	**75,302**	52,297	48,404	22,070	na
Property, plant and equipment expenditures	**36,428**	32,473	29,176	30,425	na
Financial					
Working capital	**$ 141,976**	$ 143,918	$ 176,796	$ (36,998)	$ (29,178)
Net investment in capital assets	**657,074**	664,396	688,896	728,982	790,734
Total assets	**1,477,199**	1,453,368	1,573,501	1,605,189	1,788,721
Funded debt (short-term financing and long term debt)	**523,428**	493,375	563,946	686,703	805,990
Cash and cash equivalents (included in working capital)	**36,590**	50,214	53,919	39,117	34,275
Convertible debenture	**105,000**	105,000	105,000	—	—
Shareholder's equity	**490,083**	482,942	499,799	507,346	469,361
Ratios					
Current ratio	**1.26**	1.29	1.31	0.95	0.97
Leverage ratio (net funded debt to capitalization)	**43.1%**	45.3%	46.0%	54.6%	62.2%
Shareholder information					
Monthly weighted average Limited Voting Common Share outstanding	**45,343**	45,278	45,299	44,172	na
Per share:					
Net loss	**$ 0.25**	$ (0.25)	$ (0.15)	$ (0.42)	na
Net loss from continuing operations	**$ 0.25**	$ (0.25)	$ (0.43)	$ (0.44)	na
Cash flow provided by operations	**$ 1.64**	$ 1.13	$ 1.04	$ 0.47	na
Book value	**$ 10.55**	$ 10.40	$ 10.77	$ 10.94	na
Trading activity (TSX):					
High	**$ 9.25**	$ 9.99	$ 8.25	$ 12.05	$ 12.50
Low	**$ 7.10**	$ 7.00	$ 3.60	$ 5.50	$ 8.52
Year-end	**$ 7.10**	$ 7.64	$ 8.18	$ 5.91	$ 12.05
Volume (thousands of shares)	**9,620**	14,921	13,434	12,030	1,690

ADDITIONAL INFORMATION

(unaudited)

	2005	2004	2003	2002	Pro forma 2001
Employees (full-time equivalents)	**2,800**	2,788	2,728	2,997	3,607
Number of country elevators	**83**	85	88	98	154
Licensed grain storage capacity (year-end, thousands of tonnes)					
Country elevators	**1,270**	1,206	1,214	1,416	2,018
Terminal elevators – wholly or beneficially owned	**699**	699	699	591	591
Terminal elevators – partially owned	**492**	492	492	692	692

Book value per share is derived by dividing the shareholder's equity at the end of the period by the total number of Limited Voting Common Shares outstanding at year-end as if the preferred shares had been converted on a 1:1 basis.

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"Working with our partners we can meet the challenge of the emerging competitors and profit from the unique market opportunities available to Canada's efficient and responsive producers."

Wayne W. Drul, Chair

"The core strength of this organization has been and will be its connection to farmer customers."

Brian Hayward, CEO

Photo (from left): Brian Hayward, Chief Executive Officer, Wayne Drul, Chair

A MESSAGE FROM THE CHAIR

The Agricore United Advantage
Agricore United's history in western Canada has deep roots. The year 2006 marks 100 years of service to farmers from Agricore United and its heritage companies. We are pleased with our past record of service and we are proud of our ongoing and expanding relationship with prairie producers.

Agricore United is a distinctive company with a unique relationship with its key customers, western Canadian farmers. Farmer-customers are also members and shareholders in the company and have an opportunity to participate in its corporate governance system.

Our membership structure is a two way street. Through this system, we are able to help improve the profitability of farmers because we are able to deliver services that best fit their needs.

The membership system also provides Agricore United with a competitive advantage over other agri-firms. Our direct connection to farmers allows us to tailor services to attract their business and our structure places us in a unique position to identify and develop industry and marketing trends.

This puts Agricore United in a strong position to take advantage of the rapidly changing world markets that define modern agriculture.

Trade and technology are critical factors in the competitive advantage of modern agriculture. These areas will remain a focus for Agricore United in the years to come.

Technology Development – Key to Our Future
The Canadian grain industry must take advantage of technology to improve our competitiveness. This can be done in two ways.

Firstly, Canadian farmers can continue to strive to lower production costs through the use of new technologies and production methods. Secondly, we must also bring new and different products on to the world market and sell our existing commodities on the basis of specific quality traits, end uses, and traceability systems.

Canada will have to be an early adapter of new varieties. These are going to come from genetic technology as well as traditional plant breeding. They will deliver specific end-use traits to end users. New high oleic canola varieties are just one example.

Agricore United has the systems and infrastructure in place to help farmers take advantage of opportunities in identity preserved sales. We have unparalleled access to seed technology, crop protection products and end-use markets, to help Canadian agriculture compete in a changing world.

Trade Liberalization – Unlocking the World's Markets
The current round of World Trade Organization (WTO) negotiations will define our trading environment for the next 20 to 25 years. The WTO is one of the largest driving forces for change in our industry.

Canada should not have to compete with treasuries in the United States and Europe and should not be forced to export over the massive tariff walls put up by other countries. That's why I believe it's so important for the Government of Canada to continue to aggressively pursue a new WTO agreement.

Subsidies and trade barriers reduce the prices received by Canadian wheat farmers by over $52 per tonne. Capturing even a portion of that $52 is an opportunity this country cannot afford to let slip away.

Canadian products face consistent discrimination abroad. India is the world's largest importer of cooking oil, yet they import almost no canola oil. This is because the tariff on canola oil is 75 per cent while the tariff on soybean oil is 45 per cent. Similar situations exist in other markets like Korea.

Eliminating tariffs which distort support programs would add almost $2.5 billion every year to Canada's grains and oilseed sector. To put this into perspective, it would be a lot more than the $1.1 billion annual budget for the CAIS program which supports all of agriculture, not just the grain industry.

I am realistic and understand that we won't achieve the goal of complete elimination of tariffs and subsidies in this round. However, Canada must fight for major movement in this direction.

Despite some setbacks, I remain confident that we will see a negotiated WTO agreement that will unlock the world's markets for Canadian agriculture. This will benefit farmers, it will be good for Agricore United, and it will spawn investment in agriculture and agri-food from coast to coast.

Beginning of a New Century of Partnership
Building the competitive and flexible industry we need, to continue to be competitive into the future, cannot be done, alone, by Agricore United nor can it be accomplished, in isolation, by farmers. However, together, we can create a sustainable and vibrant industry.

Agricore United will continue to partner with farmers in the years to come. We will advocate for the policies and regulations that give producers the ability to grow and compete. We will offer farmers the agronomic and marketing tools they need to access world markets efficiently and competitively.

Working with our partners we can meet the challenge of the emerging competitors and profit from the unique market opportunities available to Canada's efficient and responsive producers.

Wayne Drul

Wayne W. Drul
Chair

A MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Warren Buffet once observed that "someone's sitting in the shade today because someone planted a tree a long time ago". A century ago, this company first set down its own roots, founded in a challenging land, by people who had little more than a vision of what could be or what should be.

Anniversaries provide us with reason to celebrate and also to reflect and learn. As Agricore United celebrates moving into a second century of business, we can and will draw from four lessons learned.

Lesson One: The weather comes; the weather goes

While our roots extend back a century, Agricore United itself is only four years old. Regrettably, for the first three of those years, due to external weather events, the Company was unable to generate a net profit. However, in 2005, Agricore United had a net profit of $12.5 million. More importantly, fundamental business operations strengthened, with EBITDA growing to $128.7 million. That is still well below our potential but the momentum is in the right direction.

Sometimes we only gain perspective on events with the benefit of time. In the midst of a short term (by Mother Nature's standards) weather event, pressures can intensify to sail a company hard left, right, left, losing sight of strategic direction and risking the loss of key people. As a public company, the price of one's stock becomes a lightening rod.

To return to the wisdom of Warren Buffet: "In the short run, the market is a voting machine, but in the long run it is a weighing machine." In this age where equity capital moves by mouse click in response to quarterly results, being patient with an investment for several years can seem to be an eternity. History teaches us that multi-year weather "potholes" have hit our industry a few times over the last century. The 1930s and early 1960s are notable examples. The early part of the 21st century joins the list of tough times. We need to remember that difficult times can be worked through and the good years do indeed come.

Lesson Two: The industry earns its cost of capital

Short term poor financial industry returns sow seeds of doubt. There are some naysayers who wonder about the health of core elements of the Canadian agri-food industry, and companies within the industry. Despite weather challenges and with accounting profits elusive, Agricore United has still succeeded in building enterprise value by generating cash flow and improving the balance sheet. In the last four years, debt has been reduced from $772 million to $487 million. The company has generated $75 million in operating cash flow and, in 2005, produced $34 million of free cash flow.

Canada's agri-food industry is world class. Through the entire farm-to-consumer value pipeline, skilled workers employ leading edge technologies bringing the world safe, affordable food. Our industry did not just invent itself last week. It took decades of sustained investment. The lesson from the last hundred years is that the agri-food industry has the ability to grow and replenish itself even through very trying times, like those of the last four years.

This industry needs substantial capital to function. The simple fact of the matter is that, had the industry been unable to earn its cost of capital over the long term, it would not have grown. It might not even exist. The fact that it does, and is not reliant upon antiquated technology and depreciated assets is tangible evidence that the industry continues to have the ability to generate appropriate returns.

Lesson Three: Consolidation is a fact of life

A time traveler looking at a kernel of grain grown in 2006 would say "It looks the same as a kernel from 1906!" However, the technology used today to grow, transport and process that kernel would not be recognizable to our time traveler. Advances in genetics, farm management practices, machinery, fertilizer, and chemistry have improved productivity. A farm business in 2005 manages, on average, four times more land than a farmer did in 1906.

Likewise, the companies serving the market have improved their productivity. In its first year of existence, this Company handled about 70,000 tonnes of grain. **We now execute that volume in a single day.** A 2006 vintage grain elevator handles about 20 times as much grain

as a 1980 vintage plant. Technology opens up the opportunity for productivity, and productivity gains open up the potential to create economy of scale. The company known today as Agricore United is the product of mergers and acquisitions, the first of which occurred in 1917. Agricore United is composed of no less than six material heritage companies, each of which became more productive as it casts its destiny into a larger, more vital successor.

Technology continues to provide opportunities to become more productive, which will provide future opportunities for economy of scale. Consolidation is a fact of life within our industry—and is part of the reason why the industry earns its cost of capital. Undoubtedly, we will continue to see consolidation within the industry.

Lesson Four: Success depends on both vision & adaptability

The people who started this organization died before Warren Buffet was born. Yet, they had the vision to plant a tree. Vision is a powerful force that can unite people and direct common energy to a single goal. It is also critical that the vision of a business adjust pragmatically to changes in economic forces.

The founders, and succeeding generations of leadership, had the foresight to build a successful farm service enterprise. They also had the "Gretzky sense" to go where the puck is going to be, not where it is. Over the years, the products and services offered have changed. When it made sense, we sold lumber, coal, groceries, sewing machines, printing services, food and futures brokerage services and software. When it made sense not to offer those services, the enterprise adjusted its portfolio.

Our Future: Building on lessons learned

The core strength of this organization has been and will be its connection to farmer customers. That connection gives us credibility with end users as a dependable originator of grains, oilseeds, special crops and livestock feed. That connection gives us credibility as we deal with technology developers needing a reliable distribution partner.

Building and sustaining that connection in the years to come will involve a different focus. We will need to leverage knowledge. A knowledge-intensive industry is one where farmers succeed by adopting new technologies that make sense. A knowledge-intensive industry uses information technology to lower logistics and distribution costs. A knowledge-intensive industry thinks less about bricks and mortar, and more about how to create value through new and improved services, such as financial products tailored to farm business, or risk management products that enable farm business to better manage cash flow.

Agricore United has its "company eyes" fixed on a future that involves knowledge intensive connections to customers, augmenting our existing strong connections. As we move into our second century of service, our vision and our determination to act will move us forward, creating value for customers and shareholders and allowing us to build upon our proud heritage.

Brian Hayward
Chief Executive Officer

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") as at December 15, 2005 should be read in conjunction with the financial statements and notes to the financial statements on pages 25 to 43 of this report that have been prepared using Canadian generally accepted accounting principles ("GAAP"). Unless otherwise indicated, a reference to a year relates to the Company's fiscal year ended October 31. All amounts are reported in Canadian dollars unless specifically stated to the contrary.

Results for the year ended October 31, 2004 have been restated to reflect the change in accounting policy noted described under "Finite Insurance Layer" and Note 24 to the financial statements.

Additional information relating to the Company, including the Company's 2005 Annual Information Form ("AIF"), is available on SEDAR at www.sedar.com.

EVALUATION OF EFFECTIVENESS OF DISCLOSURE CONTROLS AND PROCEDURES

The Chief Executive Officer and the Chief Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures as of October 31, 2005 and have concluded that the Company's disclosure controls and procedures provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, would be made known to them by others within those entities, particularly during the period in which this report was being prepared.

USE OF NON-GAAP TERMS

Earnings before interest, taxes, depreciation and amortization, gains or losses on asset disposals, discontinued operations net of tax and unusual items ("EBITDA") and earnings before interest, taxes, gains or losses on asset disposals, discontinued operations net of tax and unusual items ("EBIT") are provided to assist investors in determining the ability of the Company to generate cash from operations to cover financial charges before income and expense items from investing activities, income taxes and items not considered to be in the ordinary course of business. A reconciliation of such measures to net income is provided in the Consolidated Statements of Earnings and Retained Earnings and Note 22 to the Consolidated Financial Statements below. The items are excluded in the determination of such measures as they are non-cash in nature, income taxes, financing charges or otherwise are not considered to be in the ordinary course of business. EBITDA and EBIT provide important management information concerning business segment performance since the Company does not allocate financing charges or income taxes to these individual segments. Such measures should not be considered in isolation to or as a substitute for (i) net income or loss, as an indicator of the Company's operating performance or (ii) cash flows from operating, investing and financing activities, as a measure of the Company's liquidity. Such measures do not have any standardized meanings prescribed by Canadian GAAP and are therefore unlikely to be comparable to similar measures presented by other companies.

FORWARD-LOOKING INFORMATION

Certain statements in this report may constitute forward-looking statements. The results or events predicted in these statements may differ materially from actual results or events. These forward-looking statements can generally be identified by the use of statements that include phrases such as "believe", "expect", "anticipate", "intend", "plan", "likely", "will" or similar words or phrases. Similarly, statements that describe the Company's objectives, plans or goals are or may be forward-looking statements.

These forward-looking statements are based on the Company's current expectations and its projections about future events. However, whether actual results and developments will conform with the Company's expectations and projections is subject to a number of risks and uncertainties, including, among other things, the risks and uncertainties described under "Risks" and the risk factors described in the Company's Annual Information Form for the fiscal year ended October 31, 2005 under the heading "Risk Factors". These are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of the Company's forward-looking statements. Other known and unpredictable factors could also impact its results. Consequently, there can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company. Unless otherwise required by applicable securities laws, the Company disclaims any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

RESULTS OF OPERATIONS

HIGHLIGHTS

- **Improved Cash Flow from Operations and Liquidity** – Cash flow provided by operations of $75.3 million ($1.64 per share) for the year ended October 31, 2005 was $23.5 million better than the $51.8 million ($1.12 per share) in 2004 and exceeded the $41.2 million invested in net capital expenditures, investments and other assets by $34.1 million.
- **Higher Crop Input Sales and Margin** – Crop Production Services ("CPS") crop nutrient, crop protection product, seed and other sales increased $80.6 million (or 11%) to $815.8 million for the latest year. CPS margins increased to 22.7% for year ended October 31, 2005 compared to 22% last year.
- **Higher Feed Tonne Sales and Margin** – Feed sales increased by 97,000 tonnes (or 11%) to 982,000 tonnes or the year ended October 31, 2005, while the average margin increased to $43.66 per tonne from $42.91 per tonne in the prior year. Gross profit and net revenue from services from non-feed business increased $4.9 million over the prior year to $10.8 million.
- **Change in Accounting Policy** – In the fourth quarter, the Company changed its accounting policy for certain insurance contracts that provide for the recovery of premiums depending on claims experience. Previously, the premium payments were expensed as incurred and the potential recovery was treated as a contingent gain. Under the new policy, such premiums are accounted for as deposits with the insurer.
- **Higher EBITDA and EBIT** – EBITDA increased $24.6 million (or 23.6%) to $128.7 million for the year ended October 31, 2005. Similarly, EBIT increased $29.1 million (or 74.7%) to $68 million for the latest year.
- **Improved Net Earnings** – Net earnings of $12.5 million ($0.25 basic and diluted earnings per share) for the year ended

October 31, 2005 improved $22.7 million or $0.50 per share over the loss of $10.2 million ($0.25 basic and diluted loss per share) in 2004.

SALES

Sales and revenue from services for the year ended October 31, 2005 decreased to $2.8 billion, compared to $3 billion in fiscal 2004, primarily due to lower commodity values on grain handled, offset by higher Crop Production Services sales and increased livestock feed tonnes sold.

BUSINESS SEGMENT PERFORMANCE

SEASONALITY

The Company's earnings follow the seasonal activity pattern of Prairie grain production. Activity peaks in the spring as new crops are sown and in the fall as mature crops are harvested. Sales of CPS products peak during May through July, corresponding with the start of the growing season, followed by increased levels of crop nutrient sales in the late fall. Although relatively steady throughout the year, Livestock Services sales tend to peak during the winter months as feed consumption increases. Financial Markets agency fees follow the related pattern of sales of the underlying activity of Crop Production Services and Livestock Services. Sales patterns have a significant impact on the level of earnings and generally result in lower earnings throughout the early months of the fiscal year, with significant increases occurring in the third quarter ended July 31.

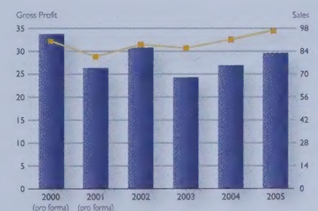
CROP PRODUCTION SERVICES

Agricore United manufactures, distributes and provides crop production support for a variety of inputs, including crop nutrition and crop protection products, seed and agronomic services through 269 Customer Service Representatives ("CSRs") operating from the Company's network of 83 country elevators and 106 stand-alone crop production centres across western Canada. Crop nutrition includes soil nutrient assessment and application services, and sales of fertilizer products. The Company offers more than 290 crop protection products including herbicides and insecticides and provides custom application services directly or through third-party contractors. Certified seed varieties, such as Proven® Seed, Agricore United's exclusive seed brand, offer improved yield potential and other value added traits. The Company provides agricultural consulting and crop planning services to help farmers meet their production goals or address other specific needs. Agronomic Crop Enhancement (ACE) specialists, who provide technical advice on crop production issues and the most profitable crop production practices, support the Company's CSRs.

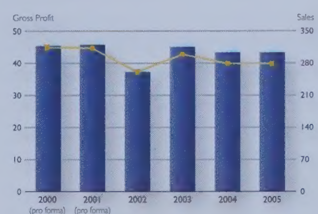
Annual sales of crop inputs increased by $80.6 million, comprised of a $78.4 million increase in sales of crop nutrients (as a result of both a stronger spring and fall sales seasons), a $5 million increase in seed sales (due to higher spring demand for value-added seed products with increased sales in Alberta offsetting lost sales opportunities in Manitoba), offset by a modest $1.9 million decrease in the sale of crop protection products (due to adverse weather conditions which limited opportunities for in-season application of products in some regions). Crop nutrient sales increased to 994,000 tonnes for the year ended October 31, 2005 (or an increase of 11.6%) despite a prolonged harvest across Alberta and Saskatchewan that both delayed the start of the fall fertilizer application season and extended it into November 2005. Other sales and revenue from services of $19.8 million for the current year continued largely unchanged compared to last year.

Crop Production Services
For the years ended October 31
(in thousands – except percentages)

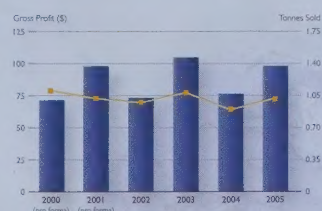
	2005	*(Restated – Note 24)* 2004	Better (Worse)
Gross profit and net revenue from services	**$ 184,999**	$ 161,626	14.5%
Operating, general and administrative expenses	**(112,143)**	(108,392)	(3.5%)
EBITDA	**72,856**	53,234	36.9%
Depreciation and amortization	**(20,516)**	(21,485)	4.5%
EBIT	**$ 52,340**	$ 31,749	64.9%
Operating Highlights			
Seed, Crop Nutrition, Crop Protection, Other Sales	**$ 815,794**	$ 735,229	11.0%
Seed	**$ 95,850**	$ 90,838	5.5%
Crop Nutrition	**$ 442,250**	$ 363,811	21.6%
Crop Protection	**$ 277,038**	$ 278,907	(0.7%)
Margin (% of Sales)	**22.7%**	22.0%	0.7pt



Seed Gross Profit and Sales ($ millions)
Years ended October 31
Gross Profit
Seed Sales



Crop Protection Gross Profit and Sales ($ millions)
Years ended October 31
Gross Profit
Crop Protection Sales



Fertilizer Gross Profit and Tonnes Sold (millions)
Years ended October 31
Gross Profit
Fertilizer Tonnes Sold

The Company does not record sales until products are delivered or services rendered to customers. The Company also defers the recognition of gross profit from inter-company sales until product is sold to a third party. Deferred inter-company profit is typically lower at the end of July as seasonal sales are largely complete by this date. Deferred inter-company profits at October 31, 2005 were $3.6 million (2004 – $5.6 million).

During the first quarter of 2005, the Company modified its estimate of deferred gross profits on fertilizer products sold by its subsidiary Western Cooperative Fertilizers Ltd. ("Westco") to the Company and still held by the Company pending sale to third parties. In accordance with GAAP, this change in accounting estimate was applied on a prospective basis commencing with the quarter ended January 31, 2005, without restating prior periods. The effect of the change in estimate decreased the recognition of gross profit in the first quarter and increased the recognition in the Company's second and third quarters by approximately offsetting amounts. The impact of applying the change in estimate to fiscal 2004, while not material, would be to increase gross profit, EBITDA, EBIT and pre-tax earnings by $632,000 and reduce fiscal 2005 results by a commensurate amount.

The increase in gross profit and net revenue from services of $23.4 million for the current year reflects:

- Increased tonnes of fertilizer sold at retail margins (excluding Westco) consistent with the prior year;
- Increased fertilizer gross profit realized from the Company's proportionate share in Westco;
- Increased margins from higher sales of value-added seed products;
- Increased margins from the sale of crop protection products; and
- Increased net agri-services revenue (agronomy, custom spraying and application services), offset by increased discounts, writedowns and other sales program costs.

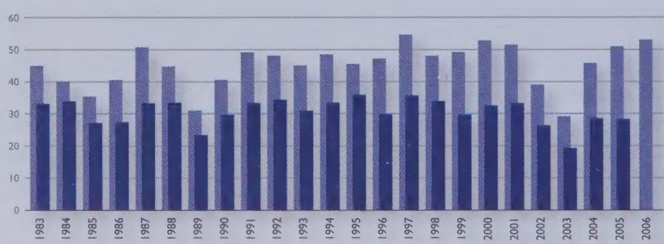
CPS operating, general and administrative expenses ("OG&A") expenses for the year ended October 31, 2005 increased $3.8 million due to a combination of higher country operations costs associated with the seasonal activity of CPS sales, a $727,000 increase in costs associated with the Company's consolidated share of Westco's OG&A expenses (largely reflecting costs associated with Westco's adoption of the CICA accounting policy change concerning asset retirement obligations) and a $636,000 increase in payroll costs from increased staffing.

GRAIN HANDLING

The grain handling industry typically ships most of the grain produced in the 12-month period ended July 31 (the "Crop Year") over the course of the next twelve months, depending on the timing of the harvest. Excluding the effect of the unusually severe 2002 drought, western Canada (the provinces of Manitoba, Saskatchewan, Alberta and British Columbia) produced an annual average of 48.5 million tonnes of the six major grains (wheat, barley, oats, canola, flax and peas) over the past 10 Crop Years, representing about 95% of Canada's productive capacity. On average, about 32 million tonnes (or 65%) of total production is delivered to the primary grain elevator network operated by grain handlers such as Agricore United. Grain Handling encompasses contracting, marketing and transporting grain from the farm to end-use markets utilizing the Company's 83 country grain elevator locations, 106 crop production centres and full or partial ownership of six port terminals. Grain Handling begins with moving the grain from the farmer's field to the Company's geographically-dispersed and strategically located country elevator network. The grain is weighed and the quality is assessed. Grain is then shipped from the country elevator to domestic, U.S. or Mexican customers (such as a flourmill or maltster) or to a port terminal, usually for shipment to off-shore end-use customers.

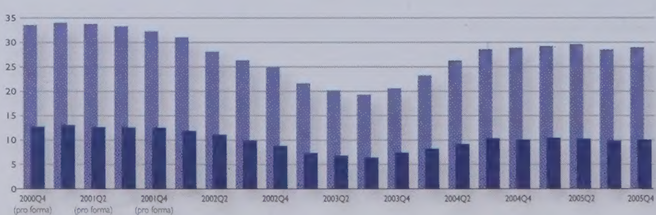
The Canadian Grain Commission ("CGC") reported a 22,000 tonne decrease in industry shipments of the six major grains (wheat, barley, oats, canola, flax and peas) for the year ended October 31, 2005. Despite above average production from the 2004 and 2005 crops, delays in producer deliveries of grain into the primary elevator system and a delayed harvest in both years limited industry-wide grain shipments and contributed to increased carryout stocks, estimated to be 14.7 million tonnes (an increase of 4.8 million tonnes or 49% over the prior year).

In line with overall industry activity, the Company's total grain shipments, declined by 61,000 tonnes for the year ended October 31, 2005. The ratio of Company to industry grain shipments of 34.5% for the year was similar to the same period in 2004.



Western Canadian Grain Production and Primary Elevator Shipments
(million tonnes)
For the crop years ended July 31

Shipments
Prior Year Production



Grain Handling Shipments
(million tonnes)
Trailing twelve months ended

Agricore United
Industry

Grain Handling
For the years ended October 31
(in thousands – except percentages, margins and turns)

	2005	*(Restated – Note 24)* 2004	Better (Worse)
Gross profit and net revenue from services	**$ 211,446**	$ 213,567	(1.0%)
Operating, general and administrative expenses	**(143,969)**	(140,079)	(2.8%)
EBITDA	**67,477**	73,488	(8.2%)
Depreciation and amortization	**(29,411)**	(32,077)	8.3%
EBIT	**$ 38,066**	41,411	(8.1%)
Operating Highlights			
Industry shipments – six major grains (tonnes)	**28,847**	28,869	(0.1%)
Grain shipments – country elevators (tonnes)	**9,946**	10,007	(0.6%)
Industry terminal handle – six major grains (tonnes)	**16,521**	15,330	7.8%
Terminal handle (tonnes)*	**5,891**	5,606	5.1%
% Terminal handle to grain shipments	**59.2%**	56.0%	3.2pt
Market share (%)	**34.5%**	34.7%	(0.2pt)
Margin ($ per grain tonne shipped)	**$ 21.26**	$ 21.34	(0.4%)
Licensed storage capacity (tonnes)**			
Industry	**5,240**	5,073	3.3%
Company	**1,270**	1,206	5.3%
Inventory turns (shipments divided by capacity)			
Industry	**5.51 x**	5.69 x	(0.18pt)
Company	**7.83 x**	8.30 x	(0.47pt)

**Company terminal handle (or receipts) excludes grain handled through the Prince Rupert Grain Terminal, in which it has an interest.*
***Based on licensed storage reported at August 1, 2004 (no report was available at October 31, 2004) and October 30, 2005.*

Grain handled through the Company's port terminals increased slightly for the fiscal year as a result of higher third-party tonnes handled as well as decreased rail shipments from the prairies into the United States and Mexico. The ratio of the Company's terminal grain handle to industry receipts of 35.7% for the year ended October 31, 2005 remained comparable to the 36.6% ratio for the same period last year.

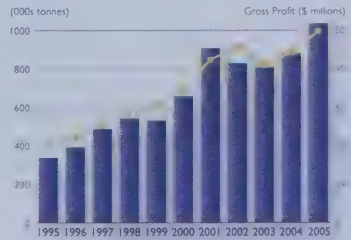
For the year ended October 31, 2005, the Company maintained its operating efficiency by turning its storage capacity at a rate 42% higher than the industry average. The slightly larger decrease in the turn factor in the current year compared to the industry reflects, in part, the impact of the Company's recent commissioning of several strategic storage expansion projects.

Commodity margins per tonne for the year ended October 31, 2005 were little changed from the prior year due to a higher proportion of grain handled through the Company's port terminals and improved port terminal margin per tonne (from increased drying, cleaning and blending), offset by lower non-CWB merchandising margins (due primarily to lower margins from beans and special crops associated with the poor Manitoba bean harvest in 2004).

Grain Handling OG&A expenses increased $3.9 million for the latest year compared to 2004, including the effect of one-time expense reductions in 2004 ($4.5 million for favourable property tax reassessments on the Company's port terminals in Thunder Bay and credit expense recoveries of $577,000). Current year increases included $2.1 million for credit expenses (including bad debt provisions), $1.3 million for utilities costs (related to increased grain drying revenues), $1.2 million for vehicle and travel expenses (primarily associated with higher fuel expenses), increased communications, advertising and promotions expense, and increased repairs and maintenance expenses (related to regularly scheduled maintenance). Offsetting these increases in the current year were $1.2 million in lower wage costs at port terminals and lower salary costs in merchandising and logistics, lower provincial capital taxes of $2.3 million (of which $864,000 arises from a change in estimate concerning 2004), lower property rental expenses and property taxes of $3.1 million, further non-recurring property tax rebates on terminal properties in Thunder Bay of $1 million and lower risk and insurance costs (net of increased insurance costs under the CGC credit insurance program).

LIVESTOCK SERVICES

The Company's Livestock Services division formulates and manufactures feed for swine, dairy and beef cattle, poultry and other specialty feeds from eight feed mills and two pre-mix manufacturing centres in British Columbia, Alberta and Manitoba. The manufacture of complete feeds and supplements provides feed formulations containing all or a significant portion of the nutritional requirements of the livestock being fed. Manufactured premixes supply a base mix of vitamins and minerals to livestock producers who do their own complete feed manufacturing. Agricore United's feed mills comply with all federal regulations and are all certified or compliant with Hazard Analysis Critical Control Point ("HACCP") guidelines, the internationally recognized system of quality control management for food safety. To complement its manufacture and sale of feed, Livestock Services also engages in marketing swine and other ancillary services such as arranging financing for livestock producers.



Feed Gross Profit and Tonnes Sold
Years ended October 31

Feed Tonnes Sold

The profitability of feed manufacturing is more closely correlated to tonnes sold than to gross sale revenue. Feed prices tend to fluctuate in response to the cost of ingredients. Feed sales of $210.5 million ($214 per tonne) for the year ended October 31, 2005 decreased from sales of $217 million ($245 per tonne) last year, despite increased tonnes sold, due to lower cost feed inputs in western Canada, such as feed wheat and feed barley. The profitability from swine sales and the Company's equity investment in The Puratone Corporation follows the underlying movement in hog prices which have trended higher compared to the prior year.

The increase in manufactured feed sold in the year continues to reflect the strengthening of western Canada's hog, poultry and dairy markets as well as an increase in the number of beef cattle on feed in anticipation of the U.S. decision on July 15, 2005 to resume importing Canadian beef cattle under the age of 30 months for the first time since May 20, 2003. The Company continues to increase its diversification of manufactured feed between poultry, hogs, dairy, beef and other livestock with beef feed in 2005 now representing less than 20% of its total tonnes sold.

Feed margins per tonne for the year ended October 31, 2005 exceeded 2004, as a result of the consolidation of a competitor's operations in British Columbia and improved ingredient purchasing opportunities realized earlier in the year. Gross profit on feed for the year increased as a result of the combination of both higher margins and increased tonnes sold.

Non-feed (predominantly swine) sales increased in the year ended October 31, 2005 as a result of both stronger hog demand and prices in the current period. Increased hog prices compared to the prior year also contributed to improved gross profit and revenue from services. A $1.8 million improvement in the Company's share of earnings from The Puratone Corporation in 2005 was more than offset by reductions in the Company's freight revenue ($1.6 million) and interest earned ($989,000 primarily due to the expansion of Unifeed Financial).

Livestock Services
For the years ended October 31
(in thousands – except percentages and margins)

	2005	*(Restated – Note 24)* 2004	Better (Worse)
Gross profit and net revenue from services	$ 53,693	$ 43,901	22.3%
Operating, general and administrative expenses	(33,922)	(33,822)	(0.3%)
EBITDA	19,771	10,079	96.2%
Depreciation and amortization	(4,239)	(3,857)	(9.9%)
EBIT	$ 15,532	$ 6,222	149.6%
Operating Highlights			
Feed sales (tonnes)	982	885	11.0%
Non-feed sales and revenue from services	$ 84,331	$ 75,252	12.1%
Feed margin ($ per feed tonne sold)	$ 43.66	$ 42.91	1.7%
Non-feed gross profit and net revenue from services	$ 10,823	$ 5,930	82.5%

FINANCIAL MARKETS AND OTHER INVESTMENTS

Through its alliance with a Canadian Schedule I chartered bank, the Company's branded trade credit financing vehicle, Agricore United Financial™ ("AU Financial"), provides the farmer customer with increased flexibility on credit repayment terms at competitive rates for unsecured trade credit. In conjunction with the same Canadian Schedule I chartered bank, the Company's branded credit financing vehicle, Unifeed Financial™, arranges secured loans to livestock producers to purchase feeder cattle and feeder hogs, as well as related feed inputs, with terms that do not require payment until the livestock is sold. The Company continues to directly manage the customer relationship and receives a fee for performing front-end credit review and management services. Other Investments include the Company's ongoing equity interest in complementary businesses including an insurance company and insurance brokerage firm.

Financial Markets and Other Investments
For the years ended October 31
(in thousands – except percentages)

	2005	2004	Better (Worse)
Gross profit and net revenue from services	$ 10,443	$ 9,403	11.1%
Operating, general and administrative expenses	(5,217)	(3,417)	(52.7%)
EBITDA	5,226	5,986	(12.7%)
Depreciation and amortization	(202)	(115)	(75.7%)
EBIT	$ 5,024	$ 5,871	(14.4%)

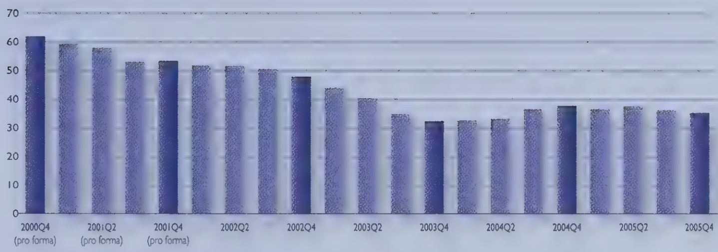
For the year ended October 31, 2004, the Company earned $1.2 million from its equity investment in Canadian Pool Agencies and Pool Insurance Company which has not been repeated this year. Coupled with $964,000 higher earnings from AU Financial and Unifeed Financial and the absence of $1.6 million in foreign exchange trading losses that occurred in 2004, net revenue from services increased $1 million for the year ended October 31, 2005.

For the year ended October 31, 2005, the Company's indemnity provisions and legal costs decreased modestly despite a larger balance of credit issued and outstanding. Higher credit adjudication costs related to Unifeed Financial as well as new product development expenses and other external services accounted for most of the $1.8 million increase in OG&A expense for the current year compared to 2004.

CORPORATE EXPENSES

Supporting the Company's other operating segments, the Corporate division provides a variety of centralized functions including human resources management, management information systems development and support, treasury, financial reporting, taxation, legal, risk management, corporate audit services, shareholder and member services and investor relations.

Corporate OG&A expenses for the year ended October 31, 2005 declined by $2.1 million related to lower rent costs, resulting from the disposition of leased properties in Calgary and Winnipeg in late 2004, as well as $942,000 lower non-interest financing and bank charges (due to lower outstanding letters of credit) and lower risk and insurance costs, offset by $360,000 additional consulting fees concerning the Company's project to comply with the Canadian Securities Administrators' new internal control requirements and higher legal fees associated with the ongoing disposition of the Company's former United Grain Growers Limited port grain terminal in Vancouver ("AUV Terminal").



Corporate OG&A Expenses ($ millions)
Trailing twelve months ended

Corporate Expenses
For the years ended October 31
(in thousands – except percentages)

	2005	(Restated – Note 24) 2004	Better (Worse)
Operating, general and administrative expenses	**$ (36,593)**	$ (38,646)	5.3%
Depreciation and amortization	**(6,349)**	(7,677)	17.3%
EBIT	**$ (42,942)**	$ (46,323)	7.3%

Selected Consolidated Financial Information
For the years ended October 31
(in thousands – except percentages and per share amounts)

	2005	(Restated – Note 24) 2004	Better (Worse)
Gross profit and net revenue from services	**$ 460,581**	$ 428,497	7.5%
Operating, general and administrative expenses	**(331,844)**	(324,356)	(2.3%)
EBITDA	**128,737**	104,141	23.6%
Depreciation and amortization	**(60,717)**	(65,211)	6.9%
EBIT	**68,020**	38,930	74.7%
Gain (loss) on disposal of assets	**1,653**	(289)	672.0%
Interest and securitization expenses	**(49,877)**	(52,144)	4.3%
	19,796	(13,503)	246.6%
Recovery of (provision for) income taxes			
Current portion	**(4,703)**	(2,688)	(75.0%)
Future portion	**(2,579)**	6,025	(142.8%)
Net earnings (loss) for the period	**$ 12,514**	$ (10,166)	223.1%
Earnings per share – basic and diluted	**$ 0.25**	$ (0.25)	200.0%

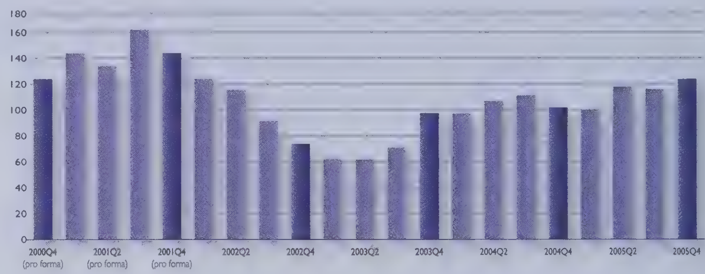
CONSOLIDATED FINANCIAL RESULTS

GROSS PROFIT AND NET REVENUE FROM SERVICES, EBITDA AND EBIT

The Company's gross profit and net revenue from services for the year ended October 31, 2005 increased $32.1 million over 2004 due to higher sales of crop inputs, increased livestock feed sales volume and margins and higher profit from livestock sales. These factors are discussed in greater detail under "Business Segment Performance".

OG&A expenses for the year ended October 31, 2005 increased $7.5 million over last year, largely due to the increases of $3.8 million (or 3.5%) in Crop Production Services, $3.9 million (2.8%) in Grain Handling and $1.8 million in Financial Markets and Other Investments, offset by Corporate expense reductions of $2.1 million, discussed above under "Business Segment Performance". The weighted average equivalent full-time ("EFT") staff[1] of 2,800 for the latest year increased 0.4% over the year ended October 31, 2004 (2,788 EFTs).

Depreciation and amortization expenses declined in the year ended October 31, 2005 as the rate of amortization of assets continues to exceed the level of sustaining capital expenditures (estimated to be between $35 million and $40 million annually).



Agricore United EBITDA ($ millions)
Trailing twelve months ended

GAIN (LOSS) ON DISPOSAL OF ASSETS AND OTHER RECOVERIES

In the fourth quarter of 2005, the Company's gain on disposal of assets includes the release of $793,000 in provisions originally established for the write-down of redundant assets. Due to changes in use or timing of certain assets originally planned for disposition, these provisions are no longer considered necessary and the Company increased its fixed assets by $11.5 million, reduced accounts payable by $332,000, reduced goodwill by $7.1 million and reduced future income taxes by $4 million. Apart from this component, the gain on disposal of assets for the year ended October 31, 2005, compared to the loss of $289,000 for last year, reflects the disposition of assets in the normal course of business. Proceeds of $5.5 million from the disposition of assets for the latest year remained comparable to $4.6 million in 2004.

INTEREST AND SECURITIZATION EXPENSES

For the years ended October 31
(in thousands – except percentages)

	2005	2004	Better (Worse)
Interest on:			
Convertible debentures	**$ (9,450)**	$ (9,450)	– %
Long-term debt	**(31,381)**	(33,793)	7.1 %
Short-term debt	**(9,249)**	(9,111)	(1.5 %)
Securitization expenses	**(1,716)**	(1,665)	(3.1 %)
CWB carrying charge recovery	**1,919**	1,875	2.3%
	$ (49,877)	$ (52,144)	4.3%

Short-term interest costs for the year ended October 31, 2005 increased modestly due to a 109 basis point (or 1.09%) increase in average borrowing costs offset by $19.6 million (or 13%) lower average borrowings for the year. Capitalized interest related to capital expenditures declined by $416,000 to $497,000 for the year as a result of fewer high value capital projects undertaken.

A $17 million (or 37%) increase in the average value of securitized grain (to $61 million) reflects increased purchases of grain on behalf of the CWB and was the primary reason for the increase in related securitization expenses for the quarter. The CWB compensates grain handlers for the cost of financing inventory purchased on its behalf and this recovery is recorded as an offset to Interest and Securitization Expenses in the Consolidated Statements of Earnings and Retained Earnings.

Long-term interest costs decreased for the year ended October 31, 2005 compared to the prior year as a result of scheduled long-term debt repayments.

INCOME TAXES

The Company's effective tax rate for the year ended October 31, 2005 was 36.8% (2004 – 24.7%). The effect of the Large Corporation Tax (which effectively levies a flat tax rate on capital employed at the end of the year) accounted for the lower tax recovery rate for the prior year. The effect of the Large Corporation Tax in the current year was less significant due to a 247% increase in pre-tax earnings, phased-in rate reductions and an additional one-time recovery of $680,000 million in the current year.

[1] Including staff related to the Company's wholly-owned subsidiaries and joint venture in Cascadia Terminal

INCOME FOR THE PERIOD

Net earnings of $12.5 million ($0.25 basic and diluted earnings per share) for the year ended October 31, 2005 was $22.7 million better than the restated $10.2 million loss ($0.25 basic and diluted loss per share) for the same period last year. Per share calculations for the respective periods reduced income by the cost of the $1.1 million annual preferred share dividend.

As a result of the accounting policy change related to the Finite Insurance Layer (discussed in detail under "Finite Insurance Layer,") the restated loss improved by $3.6 million (or $0.08 per share) for the year ended October 31, 2004. The change in accounting policy also improved the results for the previously reported nine months ended July 31, 2005 by $3.2 million or $0.07 per share.

SELECTED ANNUAL AND QUARTERLY INFORMATION

As outlined under "Crop Production Services", the Company implemented a change in accounting estimate in 2005, on a prospective basis, that increased the first quarter deferral of gross profit from fertilizer sales, offset by increased recognition of gross profits from fertilizer sales in the Company's second and third quarters. This change affects the comparability of the quarterly summary of financial data provided for the prior year.

Selected Annual Financial Information
For the years ended October 31
($ millions – except per share amounts)

	2005	*(Restated)* 2004	2003
Sales and revenue from service	**$ 2,775.3**	$ 3,048.1	$ 2,728.2
Net earnings (loss) from continuing operations	**12.5**	(10.2)	(18.3)
Earnings (loss) from continuing operations per share			
Basic	**0.25**	(0.25)	(0.43)
Diluted	**0.25**	(0.25)	(0.43)
Net earnings (loss)	**12.5**	(10.2)	(5.5)
Earnings (loss) per share			
Basic	**0.25**	(0.25)	(0.15)
Diluted	**0.25**	(0.25)	(0.15)
Total assets	**1,477.2**	1,453.4	1,573.5
Total long-term financial liabilities	**423.7**	462.9	502.5
Cash dividends declared per:			
Limited Voting Common Share	**0.12**	0.12	0.03
Series "A" convertible preferred shares	**1.00**	1.00	1.00

Selected Quarterly Financial Information
For the quarters ended
($ millions – except per share amounts)

	2005Q4	*(Restated)* 2005Q3	*(Restated)* 2005Q2	*(Restated)* 2005Q1	*(Restated)* 2004Q4	*(Restated)* 2004Q3	*(Restated)* 2004Q2	*(Restated)* 2004Q1
Sales and revenue from service	**$ 565.9**	$ 1,021.3	$ 640.0	$ 548.1	$ 612.4	$ 1,146.6	$ 638.1	$ 651.0
Net earnings (loss) from continuing operations	**$ (13.0)**	$ 48.3	$ (4.4)	$ (18.4)	$ (23.1)	$ 42.8	$ (16.6)	$ (13.3)
Earnings (loss) from continuing operations per share								
Basic	**$ (0.29)**	$ 1.06	$ (0.10)	$ (0.41)	$ (0.52)	$ 0.94	$ (0.37)	$ (0.30)
Diluted	**$ (0.29)**	$ 0.82	$ (0.10)	$ (0.41)	$ (0.52)	$ 0.73	$ (0.37)	$ (0.30)
Net earnings (loss)	**$ (13.0)**	$ 48.3	$ (4.4)	$ (18.4)	$ (23.1)	$ 42.8	$ (16.6)	$ (13.3)
Earnings (loss) per share								
Basic	**$ (0.29)**	$ 1.06	$ (0.10)	$ (0.41)	$ (0.52)	$ 0.94	$ (0.37)	$ (0.30)
Diluted	**$ (0.29)**	$ 0.82	$ (0.10)	$ (0.41)	$ (0.52)	$ 0.73	$ (0.37)	$ (0.30)

OTHER MATTERS

RELATED PARTY TRANSACTIONS

The Company transacts with related parties in the normal course of business at commercial rates and terms. The Company receives a shipper's return for grain movement through its investment in the port terminal at Prince Rupert. The Company purchases crop protection products through a member-owned purchasing cooperative, Inter-provincial Cooperative Limited, which entitles the Company to receive patronage earnings. The Company also sells commodities to its principal shareholder, Archer Daniels Midland Company, and its subsidiaries and associated companies.

Total sales to non-consolidated related parties were $95.1 million for the twelve-months ended October 31, 2005 (2004 – $120.5 million) and total purchases from related parties over the same period were $42.2 million (2004 – $51.8 million). At October 31, 2005, accounts receivable from and accounts payable to related parties totaled $6.6 million (2004 – $2.8 million) and $117,000 (2004 – $43,000), respectively.

ACCOUNTING POLICY CHANGES

Finite Insurance Layer

In the fourth quarter, the Company changed its accounting policy for certain insurance contracts that provide for the recovery of premiums depending on claims experience. Previously, the premium payments were expensed as incurred and the potential recovery was treated as a contingent gain. Under the new policy, such premiums are accounted for as deposits with the insurer. This treatment is consistent with U.S. GAAP and the Company believes it will provide greater comparability with other companies using similar insurance products. This change in accounting policy has the effect of reducing OG&A expenses, improving EBITDA and pre-tax earnings by $5 million (2004 – $5.6 million), increasing income taxes by $1.8 million (2004 – $2 million), increasing net income by $3.2 million (2004 – $3.6 million), decreasing Prepaid Expenses by $1.1 million (2004 – $1.1 million), increasing Other Assets by $13.3 million (2004 – $6.7 million) and decreasing the long-term asset portion of Future Income Taxes by $4 million (2004 – $1.8 million). A summary of the net effect of the earnings and balance sheet restatement for each of the quarters ended January 31, 2004 to July 31, 2005, is presented below.

Asset Retirement Obligations

Effective November 1, 2004, the Company adopted CICA Handbook Section 3110, Asset Retirement Obligations ("AROs"). The Company has identified asset retirement obligations related to site restoration for certain property leases. However, these obligations are not material either individually or in aggregate and, as such, a liability for AROs has not been recognized. The majority of these obligations were provided for under existing merger-related provisions and are expected to be settled within the next five years.

Westco, a joint venture of the Company, has determined its previously recognized reclamation obligation qualifies as an ARO and has accounted for it accordingly. Given that the ARO balance approximates the previously established reclamation provision and the retroactive income statement impact to date is not material, the Company has

Accounting Policy Change – Finite Insurance Layer
For the quarters ended
(thousands – except per share amounts)

	2005Q3	2005Q2	2005Q1	2004Q4	2004Q3	2004Q2	2004Q1
Consolidated Statement of Earnings and Retained Earnings:							
OG&A expenses, EBITDA and pre-tax earnings							
Grain Handling	$ 1,452	$ 1,452	$ 1,445	$ 1,440	$ 1,440	$ 1,439	$ 480
Crop Production Services	53	53	52	53	53	53	17
Livestock Services	150	150	158	161	161	161	54
Corporate	11	11	13	13	13	13	4
	1,666	1,666	1,668	1,667	1,667	1,666	555
Provisions for income taxes							
Current portion	(52)	(51)	(54)	(59)	(59)	(59)	(19)
Future portion	(546)	(547)	(546)	(543)	(543)	(543)	(181)
	(598)	(598)	(600)	(602)	(602)	(602)	(200)
Net earnings (loss) from continuing operations	$ 1,068	$ 1,068	$ 1,068	$ 1,065	$ 1,065	$ 1,064	$ 355
Earnings (loss) from continuing operations per share	$ 0.02	$ 0.02	$ 0.02	$ 0.02	$ 0.02	$ 0.02	$ 0.01
Consolidated Statement of Cash Flows							
Cash provided by operations	$ 1,614	$ 1,615	$ 1,614	$ 1,608	$ 1,608	$ 1,607	$ 536
Cash flow per share	$ 0.04	$ 0.04	$ 0.04	$ 0.04	$ 0.04	$ 0.04	$ 0.01
Consolidated Balance Sheet:							
Prepaid expenses	$ (2,779)	$ (4,445)	$ (6,111)	$ (1,112)	$ (2,779)	$ (4,446)	$ (6,112)
Other assets	13,334	13,334	13,334	6,667	6,667	6,667	6,667
Long-term portion of future tax assets	(3,449)	(2,903)	(2,356)	(1,810)	(1,267)	(724)	(181)
Accounts payable	(353)	(301)	(250)	(196)	(137)	(78)	(19)

recognized Westco's adoption of Section 3110 prospectively without a restatement of opening retained earnings. As at November 1, 2004, the Company's proportionate share of Westco's ARO balance of $18.3 million, which represents the discounted future value of the estimated cash flows required to settle the obligation, was comparable to the previous reclamation provision prior to the adoption of AROs.

Variable Interest Entities

Effective November 1, 2004, the Company adopted CICA Accounting Guideline AcG-15, Consolidation of Variable Interest Entities ("VIE"). A VIE is any legal structure used to conduct activities or hold assets which is not controlled by voting interests but rather by contractual or other interests that change with that entity's underlying net asset value. The application of these rules to specific situations is complex and the interpretation of the rules is evolving. The Company currently accounts for its subsidiaries in accordance with the Company's principles of consolidation. Based on its assessment of the entities in which it has contractual and other interests, the Company has concluded that these entities are either not VIEs or the adoption of AcG-15 did not result in a material change to the consolidated financial statements. As a result, the adoption of this guideline had no material impact on the Company's consolidated financial statements for the year ended October 31, 2005.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with GAAP necessitates the use of management estimates, assumptions and judgment that affect reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities at the date of the financial statements. Although management reviews its estimates on an ongoing basis, actual results may differ from these estimates as confirming events occur. The following components of the financial statements depend most heavily on such management estimates, assumptions and judgment, any changes in which may have a material impact on the Company's financial condition or results of operations.

Valuation of Long-lived Assets and Asset Impairment

Goodwill is not amortized and is assessed for impairment at the business unit level at least annually or whenever events or changes in circumstances suggest that the carrying amount may not be recoverable. Potential goodwill impairment is identified by comparing the fair value of a business unit, estimated using discounted cash flows, to its carrying value. Should the carrying value exceed the assessed fair value of the business unit, the goodwill impairment would result in a reduction in the carrying value of goodwill on the balance sheet and the recognition of a non-cash impairment charge in the consolidated statement of earnings and retained earnings. While the Company believes that all of its estimates are reasonable, there exists inherent uncertainties that management may not be able to control. As a result, the Company is unable to reasonably quantify the changes in its overall financial performance if it had used different assumptions and it cannot predict whether an event that triggers impairment will occur, when it will occur or how it will affect the asset values reported.

The Company periodically assesses the recoverability of values assigned to long lived assets after considering potential impairment indicated by such factors as business and market trends, future prospects, current market value and other economic factors. In performing its review of recoverability, management estimates the future cash flows expected to result from the use of the asset and its eventual disposition. If the sum of the expected future cash flows is less than the carrying value of the asset, an impairment loss would be recognized based on the excess of the carrying value of the asset over the fair market value calculated using discounted future cash flows.

The Company's comprehensive restructuring plan to rationalize its country operations involves the expected demolition or sale of redundant locations, either closed or expected to be closed. The remaining provision for demolition and other cash costs associated with the closure of these facilities was $3.7 million at October 31, 2005 (2004 – $4.7 million). The Company's net book value of fixed assets has been written down to reflect the value of facilities expected to be sold or dismantled. A substantial change in estimated undiscounted future cash flows for the Company's assets could materially change their estimated fair values, possibly resulting in additional impairment. Changes which may impact future cash flows include, but are not limited to, competition and general economic conditions and unrecoverable increases in operating costs.

Income Taxes

Future income tax assets and liabilities are recognized for the future income tax consequences attributable to temporary differences between the financial statement carrying values of assets and liabilities and their respective income tax bases. Future income tax assets or liabilities are measured using enacted or substantively enacted income tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The calculation of current and future income taxes requires management to make estimates and assumptions and to exercise a certain amount of judgment concerning the carrying values of assets and liabilities. The current and future income tax assets and liabilities are also impacted by expectations about future operating results and the timing of reversal of temporary differences as well as possible audits of tax filings by regulatory agencies. Changes or differences in these estimates or assumptions may result in changes to the current and future income tax assets and liabilities on the consolidated balance sheet and a charge to or recovery of income tax expense.

At October 31, 2005, the Company had net future income tax assets of $30.2 million (2004 – $38.4 million), comprised of net operating loss carry-forwards and other net deductible temporary differences, which can be utilized to reduce either taxable income or taxes otherwise payable in future years. As at October 31, 2005, the Company had loss carry-forwards of about $317 million (2004 – $328 million) available to reduce income taxes otherwise payable in future years, with about $93 million (2004 – $143 million) expiring between October 2008 and 2010. A future tax asset of about $111 million has been recorded in respect of these unutilized losses with about $14 million classified as a short-term future tax asset. Management regularly assesses the Company's ability to realize net future income tax assets based on all relevant information available and has concluded that it is more likely than not that these loss carry-forwards can be fully utilized prior to expiry. In making

its assessment, the Company considered, among other things, historical and projected future earnings. Accordingly, the Company has not recorded a valuation allowance related to these assets. If the Company's projected future earnings do not materialize to the extent required to permit the full realization of these loss carry-forwards, the Company would record an appropriate valuation allowance in the period when such a determination is made. This would result in a decrease to reported earnings and an increase to the Company's effective tax rate in that period.

Pension and Other Post-Employment Benefits

Certain estimates and assumptions are used in determining the Company's defined benefit pension and other post-employment benefit obligations, including the discount rate, the expected long-term rate of return on plan assets and expected growth rate of health care costs. These assumptions depend on various underlying factors such as economic conditions, investment performance, employee demographics and mortality rates. These assumptions may change in the future and may result in material changes in the pension and employee benefit plans expense recorded in OG&A. Changes in financial market returns and interest rates could also result in changes to the funding requirements of the Company's defined benefit pension plans. A substantial number of the Company's employees are members of its defined contribution plans. The Company's remaining defined benefit plans cover a closed group of members and all retirees prior to the Company's conversion to defined contribution plans.

For 2005, the discount rate used for calculation of pension benefit plans was 5.5% (2004 – 6.0%) and for other future benefits was 6.25% (2004 – 6.25%). The expected long-term rate of return on plan assets for pension benefit plans for 2005 was 6.7% (2004 – 6.7%). A one percentage-point decrease in the assumed return on plan assets would increase the projected pension expense by $1.2 million. A one percentage-point decrease in the assumed discount rate would increase the pension expense by $419,000 and the accrued benefit obligation by $16.3 million and increase the other future benefit expense by $71,000 and the accrued other future benefit obligation by $1.1 million. A one percentage-point increase in the assumed trend in health care cost would increase interest costs by $6,000 and increase the accrued benefit obligation by $313,000. The sensitivity of each assumption has been calculated independently. Changes to more than one assumption simultaneously may amplify or reduce the impact on the accrued benefit obligations or benefit plan expenses.

Environmental Matters

The Company's other long-term liabilities include its pro rata share of the asset retirement obligation ("ARO") associated with a joint venture's fertilizer manufacturing and processing plants which discontinued operations in 1987. The period to complete the reclamation project is estimated to be about 10 years from the current date and the joint venture's management continues to believe that the ARO is adequate. The Company's share of the ARO was $17.4 million at October 31, 2005 (2004 – $18.1 million). The Company's other long-term liabilities at October 31, 2005 also included a further $5 million provision (2004 – $5 million) accrued by the Company as part of its revaluation of the liabilities of Agricore Cooperative Ltd. on acquisition at November 1, 2001.

LIQUIDITY AND CAPITAL RESOURCES

SOURCES AND USES

Cash Flow Provided By Operations

Per share calculations for the respective periods reduced cash flow provided by operations by the cost of the $1.1 million annual preferred share dividend. Current income taxes are significantly less than the prevailing tax rate on pre-tax cash flows due to the tax shield provided by capital cost allowance and the Company's loss carry-forwards. Accordingly, current income taxes largely reflect Large Corporation Capital Tax as well as the taxable position of certain subsidiaries.

Non-cash Working Capital

Non-CWB grain inventories decreased due entirely to lower values of non-CWB inventories at the end of 2005. Crop nutrition inventories decreased modestly as higher fall sales contributed to lower end-of-season inventory carryout. Nevertheless, year-end inventories were higher than expected due to the extended fall fertilizer season which continued into November 2005. Crop protection product inventories increased due to changes in the mix and value of inventories held at year-end.

Accounts receivable increased due to a $41 million increase in Grain Handling receivables related to the timing of late shipments and billing in October 2005 compared to the prior year, increased sales activity in the Company's subsidiary XCAN Far East Ltd. and higher CPS accruals related to the segment's underlying increase in Westco receivables, offset by lower receivables in Livestock Services associated with increased utilization of Unifeed Financial.

Cash Flow Provided by Operations
For the years ended October 31
(in thousands – except percentages and per share amounts)

	2005	(Restated – Note 24) 2004	Better (Worse)
EBITDA	$ 128,737	$ 104,141	$ 24,596
Add:			
Non-cash compensation expenses	2,394	2,974	(580)
Other non-cash expenses	917	294	623
Investment tax credits	—	89	(89)
Less:			
Non-cash earnings from equity investments	(2,166)	(833)	(1,333)
Adjusted EBITDA	129,882	106,665	23,217
Interest expense	(49,877)	(52,144)	2,267
Pre-tax cashflow provided by operations	80,005	54,521	25,484
Current income taxes	(4,703)	(2,688)	(2,015)
Cash flow provided by operations	$ 75,302	$ 51,833	$ 23,469
Cash flow provided by operations per share	$ 1.64	$ 1.12	46.4%

Non-cash Working Capital
As at October 31
(in thousands)

	2005	2004	Sources (Uses)
Inventory			
Non-CWB grain inventory	**$ 133,134**	$ 137,285	$ 4,151
Seed inputs held for resale	**14,771**	14,447	(324)
Crop nutrition products	**130,695**	132,370	1,675
Crop protection products	**88,656**	84,084	(4,572)
Other merchandise held for resale	**14,753**	15,728	975
	382,009	383,914	1,905
Accounts receivable	**242,941**	185,232	(57,709)
Prepaid expenses	**17,106**	18,777	1,671
Accounts payable and accrued expenses	**(313,233)**	(326,901)	(13,668)
	$ 328,823	$ 261,022	$ (67,801)

Capital Expenditures, Acquisitions and Divestitures

Capital expenditures of $36.4 million for the year ended October 31, 2005 increased $3.9 million over the same period last year but were within the Company's estimate of $35 million to $40 million. Individually large capital expenditures include $7.4 million for the expansion of the Carman Bean Plant, $3.8 million for fifteen fertilizer storage upgrade projects, $4.5 million for replacement of air filtration systems in Thunder Bay terminals and $4 million for four strategic grain storage expansion projects. There are no delays or material cost overruns expected related to completing these projects.

The Company expects to use cash flow provided by operations to fund between $35 million and $40 million in capital expenditures in fiscal 2006, including $6 million to complete projects undertaken in 2005. These capital expenditure commitments at October 31, 2005 include a large variety of projects, none of which are individually significant.

Contractual Obligations

The Company's contractual obligations due for each of the next five years and thereafter are summarized below:

Contractual Obligations
(in thousands)

	Total	Less than 1 Year	2 to 3 Years	4 to 5 Years	After 5 Years
Balance Sheet Obligations					
Long-term debt	**$ 322,613**	$ 39,303	$ 118,557	$ 41,640	$ 123,113
9% convertible unsecured subordinated debenture	**105,000**	—	105,000	—	—
Reclamation provision	**17,386**	2,592	8,287	3,306	3,201
Other long-term obligations	**5,521**	—	521	—	5,000
	450,520	41,895	232,365	44,946	131,314
Other Contractual Obligations					
Operating leases	**76,365**	14,553	20,941	12,314	28,557
Purchase obligations[1]	**306,397**	295,362	9,337	1,388	310
	382,762	309,915	30,278	13,702	28,867
Total Contractual Obligations	**$ 833,282**	$ 351,810	$ 262,643	$ 58,648	$ 160,181

[1] *Substantially all of the purchase obligations represent contractual commitments to purchase commodities and products for resale.*

DEBT

Debt Ratings

The Company's debt ratings issued by Standard & Poor's and Dominion Bond Rating Service Limited remained unchanged since the Company's last annual report dated December 9, 2004.

	Senior Long-term Debt	Series 'A' and 'B' Notes	9% Convertible Unsecured Subordinated Debentures	Series 'A' Convertible Preferred Shares
Standard & Poor's[1]	BB		B+	na
Dominion Bond Rating Service Limited[2]	BB (low)	BB (high)	na	Pfd-5 (high)

[1] *As at December 23, 2004*
[2] *As at March 11, 2005*

Short-term Debt

For the years ended October 31
(in thousands)

	2005	*(Restated – Note 24)* 2004	Better (Worse)
Cash flow provided by operations	**$ 75,302**	$ 51,833	$ 23,469
Decrease (increase) in non-cash working capital	**(67,801)**	64,396	(132,197)
Working capital acquired	**—**	923	(923)
Other non-cash increases (decreases) in working capital	**258**	3,472	(3,214)
	7,759	120,624	(112,865)
Net capital expenditures and investments	**(41,185)**	(41,530)	345
Financing Activities			
Scheduled debt repayments, net of advances	**(38,641)**	(26,745)	(11,896)
Dividends paid	**(6,546)**	(6,541)	(5)
Deferred financing and other costs	**(4,071)**	(4,385)	314
Member and staff loan repayments, net	**(491)**	(627)	136
Share capital issued (redeemed), net of issue cost	**366**	(822)	1,188
Bank debt acquired	**—**	(480)	480
Cash on deposit	**13,624**	3,705	9,919
Sources (uses) of cash	**(69,185)**	43,199	(112,384)
Bank loans, beginning of the year	**(109,000)**	(152,199)	43,199
Bank loans, end of the year	**(178,185)**	(109,000)	(69,185)
Member and employee loans	**(22,630)**	(23,121)	491
Bank and other loans	**$ (200,815)**	$ (132,121)	$ (68,694)
Revolving Credit Facility:			
Outstanding letters of credit	**$ 56,741**	$ 99,322	$ 42,581
Available uncommitted short-term revolving facility	**$ 159,920**	$ 169,406	$ (9,486)
Revolving facility	**$ 425,000**	$ 375,000	$ 50,000

Short-term Debt

Bank loans of $178.2 million at October 31, 2005 were $69.2 million higher than a year earlier as uses of cash exceeded sources.

Non-cash working capital increased $67.8 million year-over-year (2004 – decreased $64.4 million) for the reasons noted above in "Non-cash Working Capital" offset by a $23.5 million increase in cash flow provided by operations (see "Cash Flow Provided by Operations").

Under the terms of the Company's loan agreements, scheduled long-term debt repayments increased $11.9 million during the most recent year. The $9.9 million decrease in cash and cash equivalents compared to last year-end largely reflected a decrease in cash held by its subsidiaries and joint ventures pending the settlement of trade credit obligations or the distribution of cash to the subsidiaries' shareholders and joint venturers. Cash distributions from the Company's principal subsidiaries (those in which the Company has at least a 50% interest) occur at regular intervals and the Company maintains an active role in all decisions affecting cash distributions from these subsidiaries.

The Company's outstanding letters of credit at October 31, 2005 decreased by $42.6 million compared to the prior year largely as a result of substituting letter of credit security provided to the CGC with a more cost effective credit insurance program underwritten by a major international insurer. The remaining outstanding letters of credit are issued in the normal course of business in support of the

Company's grain volume insurance program, debt related to the Company's interest in the Cascadia Terminal, trading activities on the Winnipeg Commodity Exchange and as security for electronic data interchange and other wire payments.

The Company's available uncommitted short-term revolving facility at October 31, 2005 decreased by $9.5 million to $159.9 million as a result of the Company increasing its bank loans by $69.2 million, offset by a $42.6 million reduction in letters of credit outstanding. Although the revolving facility increased $50 million to $425 million effective September 1, 2005, only $369 million was available at October 31, 2005 based on the underlying borrowing base. The current facility will increase to $475 million on January 1, 2006 in order to address seasonal volatility in working capital requirements. In May 2005, the Company added an additional Schedule II Canadian chartered bank to its banking syndicate. The Company expects to renew its revolving facility on at least as favourable terms and conditions on or before the current facility's expiry date of February 28, 2006.

Cash flow provided by operations of $75.3 million for the year ended October 31, 2005 exceeded the $41.2 million invested in net capital expenditures, investments and other assets by $34.1 million. Scheduled principal repayments on long-term debt and shareholder dividends totaled $45.2 million over the same period.

Long-Term Debt

The Company made $39.3 million of scheduled principal repayments during the course of the year. Total long-term debt of $322.6 million at October 31, 2005 consisted of $106 million of the bank term facility (maturing February 2007), $99.4 million of the term facility (due 2016), $108.9 million in term notes with a syndicate of Canadian life insurance companies (maturing between 2011 and 2023) and $8.3 million of long-term subsidiary debt. Of this total, $39.3 million is scheduled for repayment within the next 12 months. The borrowing facilities are secured by charges over all the assets of the Company and its material wholly owned subsidiaries and by specific charges over material fixed assets.

Convertible Debentures

On November 27, 2002, the Company issued $105 million in Debentures, maturing November 30, 2007. The Debentures are convertible, at the option of the holder prior to the maturity date at a conversion price of $7.50 per share or 133.3333 Limited Voting Common Shares per $1,000 principal amount of Debentures (an aggregate of 14 million Limited Voting Common Shares assuming conversion of all of the Debentures). The Debentures may be redeemed by the Company under certain circumstances after November 30, 2005 for cash or by issuing freely tradable Limited Voting Common Shares. As at October 31, 2005, none of the Debentures have been redeemed or converted into Limited Voting Common Shares.

OFF-BALANCE SHEET OBLIGATIONS AND ARRANGEMENTS

Pension Plan

At October 31, 2005, the market value of aggregate plan assets of the Company's various defined benefit plans exceeded the aggregate accrued benefit obligations. The Company has applied to the Office of the Superintendent of Financial Institutions ("OSFI") to merge two defined benefit plans with an aggregate surplus of $16.6 million and two defined benefit plans with an aggregate deficit of $11.6 million, which would result in the Company having two defined benefit plans, one with an aggregate surplus and one with a modest deficit. If OSFI were to decline the merger application, the Company will be required to fund the defined benefit plan deficits over a period of five to fifteen years. The Company reported a deferred pension asset of $13.1 million in Other Assets at October 31, 2005. During 2005, the Company began funding one of its defined benefit plans following the expiration of a contribution holiday. Accordingly, it made $1.9 million in cash contributions to its defined benefit plans and $2.6 million in cash contributions to the defined contribution and multi-employer plans for the year ended October 31, 2005 (compared to the pension expense of $5.6 million recorded in the financial statements).

Agricore United Financial and Unifeed Financial

AU Financial provides working capital financing, through a Canadian Schedule I chartered bank, for producers to purchase the Company's crop nutrition products, crop protection products and seed. Outstanding credit of $323.8 million at October 31, 2005 advanced through AU Financial, increased from outstanding credit of $283.5 million at the same date last year, largely due to increased underlying sales activity. At the same time, credit over 90 days increased modestly to 1.8% of total outstanding receivables from 1.6% a year earlier. About 90.2% of outstanding credit is related to AU Financial's highest credit rating categories, comparable to 90.1% the prior year. The Company indemnifies the bank for 50% of future losses under AU Financial to a maximum limit of 5% of the aggregate qualified portfolio balance. The Company's aggregate indemnity will vary at any given time with the size of the underlying portfolio.

Unifeed Financial provides additional working capital financing, through a Canadian Schedule I chartered bank, for livestock producers to purchase feeder cattle, feeder hogs and related feed inputs under terms that do not require payment until the livestock is sold. The customer base for Unifeed Financial tends to be smaller with individually larger average credit balances than AU Financial. Unifeed Financial approved $45.8 million (2004 – $32.7 million) in credit applications of which customers had drawn $21.8 million (2004 – $9.9 million) at October 31, 2005. The Company has indemnified the bank for aggregate credit losses of up to $5.2 million based on the first 20% to 33% of new credit issued on an individual account as well as for credit losses, shared on an equal basis, of up to 5% of the aggregate qualified portfolio balance. The Company's aggregate indemnity will vary at any given time with the credit rating of underlying accounts and the aggregate credit outstanding.

Securitization Arrangement

The company has a securitization program with an independent trust, which permits the Company to sell, on an unlimited basis, an undivided co-ownership interest in its right to receive reimbursements of amounts advanced to producers arising from the delivery of grains that are held in accordance with an agency contract between the company and the CWB.

Either party may cancel the securitization agreement on 60 days notice. In the event of cancellation, the Company would either seek to establish a new securitization or similar program or finance the amounts due from the CWB through the Company's revolving line of credit.

As at October 31, 2005, the Company had securitized $36.2 million of amounts it is entitled to receive in respect of CWB grain compared with $28.7 million at October 31, 2004. About $4.7 million of such receivables remained unsecuritized at October 31, 2005 compared with $4 million at October 31, 2004.

SHARE CAPITAL AND RETAINED EARNINGS

Retained earnings of $28.2 million at October 31, 2005 were $6.3 million higher than at October 31, 2004 due to net income for the fiscal year ended October 31, 2005 of $12.5 million, offset by dividends declared of $6.3 million.

Share capital of $460.3 million at October 31, 2005 increased by $366,000 from October 31, 2004. The Company issued 22,694 Limited Voting Common Shares from treasury, as required under its Directors' Share Compensation Plan, representing a minimum of 25% of directors' fees otherwise payable (calculated based on the Toronto Stock Exchange closing price on the last trading day at the quarter-end). The Company also issued 22,793 Limited Voting Common Shares from treasury pursuant to its Dividend Reinvestment Plan.

Market Capitalization

The market capitalization of the Company's 45,372,620 issued and outstanding Limited Voting Common Shares at December 12, 2005 was $306.7 million or $6.76 per share compared with the Company's book value[2] of $10.55 per share ($9.84 per share fully diluted) at October 31, 2005. The issued and outstanding Limited Voting Common Shares at December 12, 2005, together with securities convertible into Limited Voting Common Shares, are summarized in the following table.

Market Capitalization
As at December 12, 2005

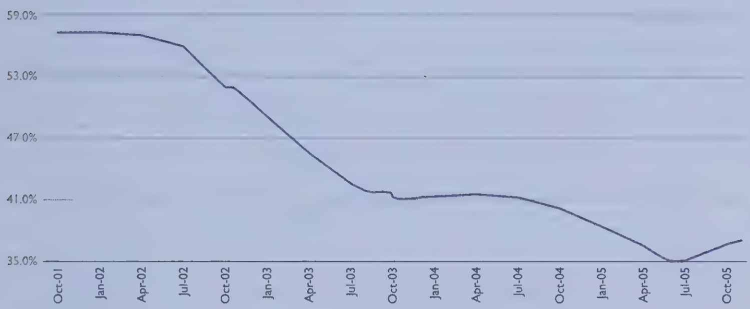
Issued and outstanding Limited Voting Common Shares	45,372,620
Securities convertible into Limited Voting Common Shares:	
$105,000,000 – 9% convertible unsecured subordinated debentures, maturing November 30, 2007, convertible at 133.3333 shares per $1,000 principal amount	14,000,000
Series "A" convertible preferred shares, non-voting, $1 dividend per share, cumulative, convertible (basis), callable at $24	1,104,369
Stock options	1,057,586
	61,534,575

FINANCIAL RATIOS

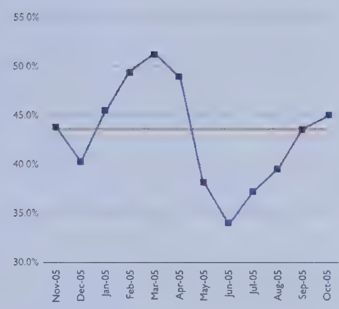
The Company's total funded debt (excluding the Debentures), net of cash, of $486.8 million at October 31, 2005 increased $43.7 million compared to the same date last year due to dividends, financing expenses, higher investment in property, plant, equipment and other assets, and increased non-cash working capital, offset by higher cash flow provided by operations for the twelve months ended October 31, 2005 and scheduled repayments of long-term debt as noted above. The Company's average funded debt, net of cash, was $442 million for the twelve months ended October 31, 2005 (2004 – $490 million). The Company's leverage ratio (net funded debt to capitalization) fluctuates materially from month-to-month due to underlying seasonal variations in short-term debt used to finance working capital requirements, reflecting increased purchases of grain beginning in the fall and crop inputs inventory through the winter and early spring, as well as price volatility in the commodities handled, all of which cannot be financed entirely with trade credit. The Company's leverage ratio typically declines to its lowest quarterly level at July 31, representing the Company's core non-seasonal level of working capital. Measured on an average trailing twelve-month basis, the Company's leverage ratio improved to 43.1% for the year ended October 31, 2005 from 45.3% for the year ended October 31, 2004.

Financial Ratios
(in thousands – except percentages and ratios)

	As at October 31			Trailing Twelve Months Ended October 31		
	2005	2004	Better (Worse)	**2005**	2004	Better (Worse)
Funded debt (excluding the Debentures), net of cash	**$ 486,838**	$ 443,161	$ (43,677)	**$ 441,991**	$ 489,522	$ 47,531
EBITDA				**$ 128,737**	$ 104,141	$ 24,596
Ratios						
Current ratio	**1.26x**	1.29x	(0.03pt)			
Net funded debt to capitalization	**48.1%**	46.5%	(1.6pt)	**43.1%**	45.3%	2.2pt
Earnings based Ratios						
EBITDA to Fixed Charges				**0.98x**	0.90x	0.08pt
Average Net Debt to TTM EBITDA				**3.43x**	4.70x	1.27pt



Net Funded Debt to Capitalization (%)
Trailing Twelve Month ("TTM") Average



Net Funded Debt to Capitalization (%)
Leverage (Net Debt:Capitalization)
Average at October 31, 2005

RISKS

The Company manages risk and risk exposures through a combination of insurance, derivative financial instruments, its system of internal and disclosure controls and sound operating practices.

The effect of weather conditions on farm output represents a significant operating risk to the volume of grain handled and related revenues earned at country elevators and port terminals. Weather, market prices of grain, total volume of grain production and mix of Board and non-Board grain produced in turn affect the volumes and mix of crop production input sales. The Company's elevators and crop input distribution facilities are geographically dispersed throughout the Prairie provinces, diversifying the Company's exposure to some of these risks. Agricore United also contracted for grain volume insurance covering the crop years ending July 31, 2004 to 2006 which provides a substantial amount of protection against revenue losses due to unusually low grain handling volumes.

The Company employs a number of other insuring and retention arrangements to actively manage its property, business interruption, boiler, marine, liability, fidelity, environmental, surety, employee accident and automobile risks and balance the overall, long-term cost with long-term economic benefit.

Exposure to inventory losses is managed through a variety of quality control processes, inventory management and shipping practices, ongoing staff training, and facilities management and maintenance. The Company complies with environmental regulations and uses special storage facilities and transportation methods to manage exposures from certain environmental hazards associated with the storage and handling of fertilizers and crop protection products.

To address consumer awareness and concern over food safety and "traceability", Agricore United has established a number of processes to track and identify crops at every stage of production from seed to customer delivery to meet international standards, including HACCP – the internationally recognized system of quality control for food safety – and ISO 9000 certification for the processing and export of grains, oilseeds and special crops. ISO 9001:2000 registration and HACCP compliance are verified by third-party audits. As at October 31, 2005, all of the Company's port terminals are registered to ISO 9001:2000 and HACCP compliant. The Company's country network includes 51 high through-put ("HTP") elevators, two joint venture HTP elevators, 29 conventional elevators and three specialty plants, which are registered ISO 9001:2000 and HACCP compliant. Agricore United's eight feed mills and two pre-mix facilities are HACCP certified or compliant.

Agricore United uses derivative financial instruments to manage market risks resulting from fluctuations in underlying interest rates, foreign exchange rates and commodity prices. Fundamentally, Agricore United attempts to mitigate risk wherever possible. Where available, derivative instruments are effective in minimizing these risks by creating essentially equal and offsetting market exposures. The derivative financial instruments held by Agricore United are principally held for purposes other than derivatives trading. If Agricore United did not use financial instruments, its exposure to market risk would be greater.

RISK MANAGEMENT

The Company's Corporate Risk Management Committee (consisting of the Chief Executive Officer, Chief Financial Officer and a number of senior managers of the Company) is responsible for identifying the risks faced by the Company, determining the materiality of those risks and reporting to the Risk Review Committee of the Board of Directors on the appropriate policies implemented to reasonably contain those risks which can be managed. The Corporate Risk Management Committee also provides direction to management on risk management strategies, the use of risk management products, specific exposure limits and approved counterparties. In addition, it determines that responsibility for specific risks is clearly delegated and that there are appropriate internal controls and monitoring systems to ensure that defined policies and procedures are adhered to.

MARKET RISK

A significant source of the Company's revenue is earned by Grain Handling. Earnings in this segment of the business fluctuate in relation to the volume of grain handled and the margin earned on merchandising open market (non-CWB) grains. In the case of Board grains, the Company earns storage and handling tariffs from the CWB, which are established independently of the market price for the grain. Board grains represented 54% of total grain handled by Agricore United in fiscal 2005 (2004 – 56%).

Since a significant portion of the Company's off-shore transactions are denominated and priced in U.S. dollars, the Company is not directly exposed to volatility in export sales as a result of underlying changes in the relationship

between the Canadian dollar and other foreign currencies. The Company may be indirectly affected to the extent that farmer customers are adversely impacted by changes in the underlying exchange value of the Canadian dollar that, over a sustained period, are not compensated for by a corresponding change in input costs (i.e. changes in costs of fuel, crop inputs, etc.).

The Company utilizes exchange traded futures contracts wherever possible to manage the exposure associated with fluctuations in the cash price of non-Board grains. In so doing, the Company assumes a basis risk to the extent that the two do not change by directly equivalent amounts. Where exchange traded futures for a particular commodity are not available or where the liquidity of a particular exchange traded future is volatile, Agricore United develops crosshedges using futures contracts for similar or related products. While the utilization of such hedges reduces exposure to price risk, exposure to basis risk increases, although not proportionately. The Company retains any remaining commodity risks. The Company also employs forward sales contracts to hedge prices for the sale of grain, forages and special crops, forward purchase contracts to fix the costs of supply of livestock feed inputs and prepaid purchases of crop production inputs with future delivery dates. The costs associated with these instruments are included in the cost of sales for the affected business segment.

FOREIGN EXCHANGE RISK

As a significant portion of the Company's net revenues are effectively denominated in U.S. dollars, the Company uses forward exchange contracts and options to hedge this exposure. The costs associated with these hedging activities are included in the cost of sales of the affected business segment.

INTEREST RATE RISK

To mitigate interest rate risk, the floating interest rate on the Company's $106 million term loan has been fixed through an interest rate swap with a Canadian chartered bank at an average rate of 6.65% for the term of the loan. The Company also manages the interest rate risk on its short-term borrowings by using a combination of cash instruments, futures, options and forward rate agreements. The cost of the interest rate swap as well as the other instruments is included in interest and securitization expenses.

CREDIT RISK

Its counterparties expose Agricore United to credit risk in the event of nonperformance. However, in the case of over-the-counter derivative contracts, the Company only contracts with pre-authorized counterparties where agreements are in place. Agricore United monitors the credit ratings of its counterparties on an ongoing basis. No provision has been made in respect of credit losses on derivative contracts, as Agricore United does not anticipate any non-performance. The Company also requires additional collateral in the form of letters of credit or cash deposits where large grain sale contracts with a particular customer potentially involve concentration of risk.

Exchange traded futures contracts used to hedge future revenues in the Company's grain business are not subject to any significant credit risk as the changes in contract positions are settled daily.

Agricore United manages its exposure to potential credit risk in respect of trade receivable contracts through a rigorous analysis of outstanding positions, payment and loss history and ongoing credit reviews of all significant contracts. The absence of significant financial concentration of such receivables limits its exposure to credit risk. Under AU Financial and Unifeed Financial, the Company has limited its exposure to credit risk by limiting the financial institution's recourse against the Company for indemnification of losses incurred on certain accounts receivable.

OUTLOOK

On December 7, 2005, Statistics Canada estimated western Canadian production of the major grains for the 2005 Crop Year to be about 53.5 million tonnes. This production level is five percent higher than the 2004 crop and represents a 10% increase over the 10-year average of 48.5 million tonnes (excluding the unprecedented 2002 drought). While the quality of the cereal crop is estimated to be below average due to the prolonged and damp harvest, the percentage of each crop falling into the top grades improved over 2004. The quality of the oilseed crop is comparable to historical averages and 30% larger than the 2004 crop, predominantly due to a record size canola crop. The Company is the largest oilseed merchandiser in western Canada.

The grain industry typically ships about 65% of the grain produced during the most recent Crop Year over the course of the subsequent 12 months. Based on these averages, the primary grain elevator network would have expected to take delivery of about 33 million tonnes of the 2004 crop during 2005, compared with the 28.8 million tonnes actually shipped. This shortfall in deliveries into the primary elevator system has contributed to Agriculture and Agri-Food Canada's ("AAFC") estimated 4.8 million tonne increase in inventory carry-out at July 31, 2005 compared to the same time in 2004. Accordingly, receipts and grain shipments for the industry and the Company in 2006 can reasonably be expected to increase. (AAFC forecasts exports of grains and oilseeds to increase 16% to 27.6 million tonnes in Crop Year 2006.) However, future grain shipments remain dependent on several factors, including: producer decisions to deliver their 2004 and 2005 crops and the timing of those decisions; timely and effective execution by the railways of grain movement to port terminals and other North American destinations; and the execution of the CWB marketing program in 2006 which is also tied to producer decisions on grain delivery. These factors are influenced by current and future commodity prices and may be further complicated if producers elect to deliver their commodities in a concentrated time frame—decisions which could strain the railway's capacity to execute shipment. In that regard, CP Rail has made a significant investment in rail capacity expansion in western Canada during the past year.

On December 13, 2005, a panel of the North American Free Trade Agreement affirmed a previous determination that imports of hard red spring wheat from Canada do not cause material injury to U.S. growers.

Precipitation levels were above average and well distributed in 2005 with on-farm surface water supplies at November 1, 2005 indicating no water shortages anticipated across western Canada, apart from the southernmost area of Saskatchewan along the U.S. border. Coupled with the high production levels in 2005, demand for fertilizer and other crop inputs are expected to be maintained in the spring of 2006. The improved fall fertilizer application season in late October 2005 continued into November due to the late harvest and unfavourable weather conditions. Natural gas

prices (the predominant component in the manufacture of fertilizer) have stabilized at lower levels than earlier in the fall and, since much of the cost of fertilizer production is a flow-through cost to customers, is expected to mitigate the magnitude of potential price increases on fertilizer in the spring. AAFC has estimated increased acres will be planted to oilseeds (particularly canola) in the 2006 Crop Year. A significant part of the Company's earnings comes from the sale of canola seed and the purchase and shipment of the resulting production.

On December 12, 2005, following a similar decision by the U.S. on July 15, 2005, Japan announced the easing of bans on imports of Canadian beef under 21 months of age. The Canadain Food Inspection Agency announced on December 10, 2005 that 21 days of testing had not turned up any sign of avian flu on the 80 chicken and duck farms that had been quarantined following the discovery of a strain of avian flu on a poultry farm in British Columbia in November 2005 (that led to a temporary ban by the U.S., Japan, Taiwan and Hong Kong on B.C. poultry from the effected farm and surrounding area). Canadian livestock and poultry producers continue to benefit from abundant feed ingredients, lower feed prices and improved access to U.S. and other markets. Coupled with stable or rising hog and cattle futures, the livestock industry's outlook for 2006 is not expected to deteriorate.

AU Financial collected 91% of the accounts due on October 31, 2005 under its fall program compared to 93% of last years program, which was smaller. As at December 5, 2005 the Company had already pre-approved 19,300 customers for $625 million in credit for the 2006 growing season compared to 19,500 customers for $615 million in credit at the same time last year. The distribution of customer credit ratings remains consistent with the prior year.

On an ongoing basis, the Company reviews the efficiency of its operation, seeking opportunities to control or reduce operating expenses throughout the Company. In 2005, the Company's OG&A expenses increased by 2.3%. Accordingly, the Company believes that it will be able to limit the growth in OG&A expenses in 2006 to less than the rate of inflation.

The Company entered into an agreement with a third party on May 6, 2005 for the sale of its AUV Terminal pursuant to a consent agreement with the Commissioner of Competition (the "Commissioner"). The Company subsequently announced on July 29, 2005 that the sale was not expected to be completed on the original closing date of August 1, 2005 but that both parties were continuing to work diligently towards concluding a transaction as soon as practicable. On August 12, 2005, the Company announced that subsequent requests by both the Company and the purchaser to extend the time frame to conclude a transaction had been denied by the Commissioner. The Company then filed an application with the Competition Tribunal (the "Tribunal") seeking, among other things, an order pursuant to section 106 of the Competition Act rescinding the consent agreement between the Commissioner and the Company. The application is expected to be heard by the Tribunal in March 2006. In the meantime, the Company continues to operate the AUV Terminal.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The management of United Grain Growers Limited, carrying on business as Agricore United, is responsible for the preparation and presentation of the accompanying financial statements and all of the information contained in this annual report. The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles which recognize the necessity of relying on management's judgment and best estimates. Financial information contained throughout this annual report is consistent with these financial statements.

To fulfill its responsibility and ensure integrity of financial reporting, management maintains a system of internal accounting controls and an internal audit department to review systems and controls on a regular basis. These controls, which include a comprehensive planning system and timely reporting of periodic financial information, are designed to provide reasonable assurance that the financial records are reliable and form a proper basis for the accurate preparation of financial statements.

Final responsibility for the financial statements and their presentation to shareholders rests with the Board of Directors. The Audit Committee of the Board of Directors, consisting of non-management directors, oversees management's preparation of financial statements and financial control of operations. The Audit Committee meets separately with management, the Company's internal auditors and the Company's independent auditors, PricewaterhouseCoopers LLP, to review the financial statements and recommend approval by the Board of Directors.

Brian Hayward
Chief Executive Officer

Peter G.M. Cox
Chief Financial Officer

AUDITORS' REPORT
TO THE SHAREHOLDERS OF UNITED GRAIN GROWERS LIMITED, CARRYING ON BUSINESS AS AGRICORE UNITED:

We have audited the consolidated balance sheets of United Grain Growers Limited as at October 31, 2005 and 2004 and the consolidated statements of earnings and retained earnings and consolidated statements of cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2005 and 2004 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
Winnipeg, Canada
December 14, 2005

CONSOLIDATED
BALANCE SHEETS

As at October 31 *(in thousands)*		2005		*(Restated – Note 24)* 2004
ASSETS				
Current Assets				
Cash and cash equivalents	$	**36,590**	$	50,214
Accounts receivable (Note 4)		**242,941**		185,232
Inventories (Note 5)		**382,009**		383,914
Prepaid expenses		**17,106**		18,777
Future income taxes (Note 17)		**19,417**		6,801
		698,063		644,938
Property, Plant and Equipment (Note 6)		**657,074**		664,396
Other Assets (Note 7)		**65,976**		60,123
Goodwill (Note 22)		**21,189**		28,903
Intangible Assets (Note 22)		**16,590**		16,502
Future Income Taxes (Note 17)		**18,307**		38,506
	$	**1,477,199**	$	1,453,368
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities				
Bank and other loans (Note 8)	$	**200,815**	$	132,121
Accounts payable and accrued expenses		**313,233**		326,901
Dividends payable		**2,464**		2,464
Current portion of long-term debt (Note 9)		**39,303**		39,189
Future income taxes (Note 17)		**272**		345
		556,087		501,020
Long-term Debt (Note 9)		**283,310**		322,065
Convertible Debentures (Note 10)		**105,000**		105,000
Other Long-term Liabilities (Note 11)		**35,434**		35,814
Future Income Taxes (Note 17)		**7,285**		6,527
Shareholders' Equity				
Share capital (Note 12)		**460,323**		459,957
Contributed surplus (Note 13)		**1,593**		1,044
Retained earnings		**28,167**		21,941
		490,083		482,942
	$	**1,477,199**	$	1,453,368

Approved by the Board

Wayne W. Drul,
Director

Terry Youzwa,
Director

CONSOLIDATED
STATEMENTS OF EARNINGS AND RETAINED EARNINGS

For the years ended October 31 *(in thousands, except per share amounts)*		2005		*(Restated – Note 24)* 2004
Sales and revenue from services (Note 22)	$	2,775,279	$	3,048,135
Gross profit and net revenue from services (Note 22)		460,581		428,497
Operating, general and administrative expenses (Note 22)		(331,844)		(324,356)
Earnings before the undernoted (Note 22)		128,737		104,141
Depreciation and amortization (Note 22)		(60,717)		(65,211)
		68,020		38,930
Gain (loss) on disposal of assets		1,653		(289)
Interest and securitization expenses (Note 16)		(49,877)		(52,144)
		19,796		(13,503)
Recovery of (provision for) income taxes (Note 17)				
Current portion		(4,703)		(2,688)
Future portion		(2,579)		6,025
Net earnings (loss) for the year		12,514		(10,166)
Retained earnings, beginning of year		21,941		38,648
Dividends		(6,288)		(6,541)
Net earnings (loss) for the year		12,514		(10,166)
Retained earnings, end of year	$	28,167	$	21,941
Basic and diluted earnings (loss) per share (Note 2)	$	0.25	$	(0.25)

CONSOLIDATED
STATEMENTS OF CASH FLOWS

For the years ended October 31 *(in thousands)*	2005	*(Restated – Note 24)* 2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings (loss) for the year	$ 12,514	$ (10,166)
Adjustments for:		
Depreciation and amortization	60,717	65,211
Employee future benefits	1,845	2,572
Investment tax credits	—	89
Future income taxes (recovery)	2,579	(6,025)
Equity earnings from investments, net of distributions	(2,166)	(833)
Stock-based compensation (Note 13)	549	402
Loss (gain) on disposal of assets	(1,653)	289
Other long-term liabilities	917	294
Cash flow provided by operations	75,302	51,833
Changes in non-cash working capital	(67,543)	68,791
	7,759	120,624
CASH FLOWS FROM INVESTING ACTIVITIES:		
Business acquisitions, net of cash acquired (Note 3)	—	(8,325)
Property, plant and equipment expenditures	(36,428)	(32,473)
Proceeds from disposal of property, plant and equipment	5,507	4,609
Increase in other assets	(10,264)	(5,341)
	(41,185)	(41,530)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase (decrease) in bank and other loans	68,694	(44,306)
Proceeds from long-term debt	708	53
Long-term debt repayments	(39,349)	(26,798)
Deferred financing expenditures	(2,042)	(3,229)
Decrease in other long-term liabilities	(2,029)	(1,156)
Share capital issued (redeemed)	366	(27)
Share issue costs	—	(795)
Dividends	(6,546)	(6,541)
	19,802	(82,799)
Net decrease in cash and cash equivalents	(13,624)	(3,705)
Cash and cash equivalents, beginning of year	50,214	53,919
Cash and cash equivalents, end of year	$ 36,590	$ 50,214
SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION		
Cash payment of interest	$ (50,172)	$ (52,123)
Cash payment of taxes	$ (3,730)	$ (8,160)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of Agricore United ("the Company") are prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

USE OF ESTIMATES

The timely preparation of financial statements in accordance with GAAP necessitates the use of management estimates, assumptions and judgment that affect reported amounts of assets, liabilities, revenues and expenses and disclosure of contingencies. Actual results may differ as confirming events occur.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company, its subsidiaries and its proportionate share of the accounts of significant joint ventures. The Company's interest in its joint ventures is recognized using the proportionate consolidation method at rates that approximate either the Company's ownership interest in, or the volume of business with, the respective joint venture.

Subsidiaries	Ownership Interest
Demeter (1993) Inc.	100%
Pacific Elevators Limited	100%
Western Pool Terminals Ltd.	100%
Unifeed Limited and its wholly-owned subsidiary*	100%
XCAN Far East Ltd.	100%
XCAN Asia Ltd.**	100%
XCAN Grain (Europe) Ltd.**	100%

Joint Ventures	Ownership Interest
Alberta Industrial Mustard Company Limited	50%
Cascadia Terminal	50%
CMI Terminal Joint Venture	50%
Gardiner Dam Terminal Joint Venture	50%
Lloydminster Joint Venture	50%
Western Co-operative Fertilizers Limited ("Westco")	57%

* *Effective November 1, 2005, Unifeed Limited and its wholly-owned subsidiary, Hart Feeds Limited, were amalgamated and the continuing corporation dissolved and wound up into the operations of the Company.*

** *These subsidiaries are in the process of being liquidated and are expected to be wound up during 2006.*

REVENUE RECOGNITION

Revenue from the sale of commodities is recognized upon shipment to the customer from country elevator or port terminal. Revenue from the sale of crop input products and livestock feed is recognized upon shipment to the customer. Service-related revenue, which includes tariff-based revenue for handling Canadian Wheat Board ("CWB") grain, is recognized upon performance of the service.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and short-term investments with less than three months to maturity as well as funds on deposit within jointly held enterprises which may not be immediately available to the Company.

ACCOUNTS RECEIVABLE

Accounts receivable includes advances to producers arising from the purchase of grain for the account of the CWB, in accordance with the terms of a handling agreement between the parties, which are valued on the basis of CWB initial prices less handling costs.

INVENTORIES

Grain inventories include both hedged and non-hedged commodities. Hedgeable grain inventories are valued based on the closing market quotations less execution costs. Non-hedgeable grains are valued at the lower of cost or market. Farm supply, seed, feed and livestock inventories are valued at the lower of cost or net realizable value.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost, which includes interest incurred on major construction projects, reduced by investment tax credits claimed. The Company uses a combination of straight-line and diminishing balance methods of providing depreciation over the estimated useful lives of the assets.

Building	4% to 6% diminishing balance; 10 to 50 years straight-line
Machinery & equipment	6% to 30% diminishing balance; 5 to 25 years straight-line
Site and leasehold improvements	6% to 10% diminishing balance; 5 to 50 years straight-line
Computer hardware & software	3 to 5 years straight-line
Furniture & fixtures and other	20% diminishing balance; 2 to 5 years straight-line

OTHER ASSETS

Deferred charges – System development costs related to developing or upgrading identifiable software products are deferred and amortized on a straight-line basis over a three-year period. Varietal development costs incurred under agreements for the development of proprietary seed varieties are deferred and amortized on a straight-line basis over a four-year period. Pension costs, representing the aggregate surplus of the Company's pension plans plus unamortized transitional amounts and actuarial net losses, are accounted for as described under Employee Future Benefits. Financing costs related to securing and maintaining credit facilities are deferred and amortized over the term of the facility. Risk and insurance costs related to establishing the Company's insurance program are deferred and amortized over the life of the contract.

Trade investments – Trade investments primarily include the Company's non-controlling interests in The Puratone Corporation, Canadian Pool Agencies Limited, and Pool Insurance Company, which are accounted for using the equity method. All other trade investments are recorded at cost.

Prince Rupert Grain Terminal ("PRG") – Through a consortium, the Company has a joint and several interest in PRG. PRG has $309 million in loans, due to a third party and maturing between 2015 and 2035, that are secured by the terminal without recourse to the consortium members. Since the value of the debt exceeds the depreciated value of the terminal, the Company's non-controlling interest in PRG is recorded at nominal value.

Finite Insurance Layer – Funding of the $20 million Finite Insurance Layer of the Company's integrated insurance program, over a three year period commencing January 1, 2004, is accounted for as a deposit with the insurer (Note 24).

GOODWILL

Goodwill represents the excess of the purchase price over the fair values assigned to identifiable net assets acquired. The Company assesses annually whether there has been a permanent impairment in the carrying value of goodwill based on the fair value of the related business operations. Should the carrying amount of the goodwill exceed its fair value, an impairment loss would be recognized at that time.

INTANGIBLE ASSETS

Intangible assets consist primarily of supply contracts with indefinite useful lives. Indefinite life intangibles are not amortized but are tested for impairment at least annually. Should the carrying amount of the intangible asset exceed its fair value, an impairment loss would be recognized at that time.

INCOME TAXES

Income taxes are provided for using the asset and liability method of accounting. Under this method, future income taxes are recognized for temporary differences between the accounting and tax bases of the Company's assets and liabilities, and are measured using the substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse. The effect of a change in income tax rates on future income tax liabilities and assets is recognized in income in the year the change occurs. A valuation allowance would be provided to the extent that it is more likely than not that future income tax assets will not be realized.

STOCK-BASED COMPENSATION

Executive Stock Option Plan – The fair value of the award at the time of granting is recognized as compensation expense over the vesting period with an offsetting amount recorded to contributed surplus.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are used by the Company to reduce its exposure to fluctuations in interest rates, foreign currency exchange rates and commodity prices. In the normal course, the Company does not hold or issue derivative financial instruments for derivative trading purposes. Any derivative that does not qualify for hedge accounting is reported in earnings on a mark-to-market basis.

Interest rate swap contracts – The Company has an interest rate swap that is accounted for in accordance with hedge accounting and as such, the swap is documented and subjected to an effectiveness test on a quarterly basis for reasonable assurance that it is and will continue to be effective. Differentials to be received or paid under these contracts are recognized in income over the life of the contracts as adjustments to interest expense. Gains and losses on contract termination are deferred and amortized to income over the life of the original contract or the related debt, whichever is earlier.

FOREIGN CURRENCY TRANSLATION

Monetary assets and liabilities denominated in foreign currencies are translated at the year-end exchange rate while non-monetary assets, liabilities, revenues and expenses are translated at the rate of exchange prevailing at the transaction date. All exchange gains and losses are reflected in earnings during the year in which they occurred.

EMPLOYEE FUTURE BENEFITS

The Company maintains both defined benefit and defined contribution pension plans for employees and is also a member of a multi-employer defined benefit pension plan. Additionally, the Company provides other post-employment benefits, largely in respect of extended health and dental plans and life insurance, to eligible employees upon retirement. The cost of all future benefits is accrued in the year in which the employee services are rendered, based on actuarial valuations, with the exception of a foreign wholly-owned subsidiary which determines its obligation based on the amount that would be required to be paid under the plan if all eligible employees and directors voluntarily terminated their employment as of the balance sheet date.

The actuarial determination of the accrued benefit obligations for pensions and other retirement benefits, uses the projected benefit method prorated on service, which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors. For the purpose of calculating the expected return on plan assets, those assets are reflected at fair value.

Any excess net actuarial gains or losses over 10% of the greater of the accrued benefit obligation and the fair value of plan assets are being amortized over the average remaining service period ("ARSP") of active employees expected to receive benefits under the benefit plan.

The multi-employer defined benefit pension plan is accounted for as a defined contribution plan.

2. EARNINGS PER SHARE

For the years ended October 31
(in thousands, except per share amounts)

	2005			(Restated – Note 24) 2004		
	Amount	Shares	Per share	Amount	Shares	Per share
Net earnings (loss)	$ 12,514			$ (10,166)		
Less: Preferred share dividend	(1,104)			(1,105)		
Basic & diluted earnings (loss) per share	$ 11,410	45,343	$ 0.25	$ (11,271)	45,278	$ (0.25)

Basic earnings (loss) per share is derived by deducting annual dividends on preferred shares from the net earnings (loss) for the year and dividing this total by the weighted average number of Limited Voting Common Shares outstanding for the year. The effect of potentially dilutive securities (convertible unsecured subordinated debentures and preferred shares) was not included in the calculation of diluted earnings (loss) per share for the years ended October 31, 2005 and 2004, as the results would be anti-dilutive. In addition, executive stock options have been excluded from the calculation of diluted earnings (loss) per share as the exercise price exceeds the average trading value of the shares in the respective years.

3. BUSINESS ACQUISITIONS

Effective February 1, 2004, the Company purchased, through its wholly-owned subsidiary Unifeed Limited, 100% of the issued and outstanding shares of Vertech Feeds Ltd., a livestock feed manufacturer in Red Deer, Alberta. Vertech Feeds Ltd. was dissolved effective November 1, 2004 and its operations were wound up into Unifeed Limited.

The Company purchased the remaining 50% of issued and outstanding shares of Prairie Mountain Agri Limited, a high throughout grain terminal and crop production centre located in Roblin, Manitoba. The transaction closed on May 31, 2004. Prairie Mountain Agri Limited was dissolved effective June 1, 2004 and its operations wound up into the Company.

These acquisitions were accounted for using the purchase method and the results of operations of these businesses are included in the consolidated financial statements from the respective dates of acquisition.

For the year ended October 31, 2004
(in thousands)

Net assets acquired:	
Current assets	$ 3,881
Property, plant & equipment	3,382
Goodwill*	4,801
Current liabilities	(1,408)
Long-term liabilities	(782)
	9,874
Less: cash acquired	(1,549)
Net cash consideration	$ 8,325

**Virtually none of the goodwill is considered deductible for income tax purposes.*

4. ACCOUNTS RECEIVABLE

The following table presents the percentage of total customer balances receivable by business segment:

As at October 31	2005	2004
Grain Handling	50%	43%
Crop Production Services	25%	17%
Livestock Services	16%	28%
Other	9%	12%

SECURITIZATION AGREEMENT

Under a securitization agreement with an independent trust, the Company can sell on an unlimited basis an undivided co-ownership interest in its right to receive reimbursements of amounts advanced to producers arising from the delivery of grains that are held in accordance with the grain handling contract between the Company and the CWB. The Company receives proceeds equal to the fair value of the assets sold and retains rights to future cash flows arising from future performance of grain handling on behalf of the CWB after the investors in the trust have received the return for which they contracted. The trust has limited recourse to the Company's future grain handling receipts and no recourse to the Company's other assets. Either party may cancel the securitization agreement on 60-days notice. The Company is responsible for fulfilling its obligations under the grain handling agreement entered into with the CWB and retains servicing responsibilities in respect of CWB grain.

Under the terms of the grain handling contract, the Company is guaranteed a reimbursement of amounts advanced to the producers on behalf of the CWB upon deliveries of CWB grain. The Government of Canada secures this guarantee and therefore no credit losses are expected with respect to these assets. In addition, since the weighted-average life of the receivable is only a matter of days, the discount factor is not expected to be a significant element in the computation of fair value. Consequently, the Company has determined the fair value measurement of this asset to be the same as its carrying value and has concluded that any sensitivity analysis regarding key assumptions used in such valuation would not result in any significant change in valuation.

At October 31, 2005, amounts advanced to producers on behalf of the CWB are reported net of securitized amounts of $36.2 million (2004 – $28.7 million). The following table summarizes certain cash flows related to the transfer of receivables during the year:

As at October 31 *(in thousands)*	2005	2004
Proceeds from new securitizations	$ 30,000	$ 22,400
Proceeds from collections reinvested	6,161	6,338
Securitized amount	$ 36,161	$ 28,738

The net cost of these transactions is included in interest and securitization expenses in the Consolidated Statements of Earnings and Retained Earnings.

AGRICORE UNITED FINANCIAL

The Company has a rolling five-year agreement with a Canadian Schedule I chartered bank to provide credit for qualifying agricultural producers to purchase crop inputs. The agreement may be terminated at an earlier date by mutual consent or by either party upon one year's written notice. The Company indemnifies the bank for a portion of future losses (Note 18).

UNIFEED FINANCIAL

The Company has a rolling five-year agreement with a Canadian Schedule I chartered bank to provide loans to customers to purchase feeder cattle and feeder hogs, as well as related feed inputs, with terms that do not require payment until the livestock is sold. The agreement may be terminated at an earlier date by mutual consent or by either party upon one year's written notice. The Company indemnifies the bank for a portion of future losses (Note 18).

5. INVENTORIES

As at October 31 *(in thousands)*	2005	2004
Grain	$ 133,133	$ 137,285
Crop inputs	234,123	230,901
Feed and livestock	11,718	12,148
Other merchandise	3,035	3,580
	$ 382,009	$ 383,914

6. PROPERTY, PLANT AND EQUIPMENT

As at October 31 *(in thousands)*	2005		2004	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Building	$ 595,937	$ 243,038	$ 611,684	$ 259,400
Machinery & equipment	643,352	420,202	653,669	419,754
Site and leasehold improvements	63,990	24,776	64,162	23,533
Computer hardware & software	56,837	53,499	56,944	52,415
Furniture & fixtures and other	15,612	14,081	15,795	14,142
Land	22,950	—	23,344	—
Construction in progress	13,992	—	8,042	—
	$ 1,412,670	$ 755,596	$ 1,433,640	$ 769,244
Net book value	$ 657,074		$ 664,396	

The Company capitalized $497,000 (2004 – $912,000) in interest related to major capital expenditures.

7. OTHER ASSETS

As at October 31 *(in thousands)*		2005		*(Restated Note 24)* 2004
Deferred charges:				
System development costs	$	**3,640**	$	3,683
Varietal development costs		**2,800**		3,390
Pension costs (Note 14)		**13,135**		14,247
Financing costs		**6,646**		8,575
Risk and insurance costs		**1,029**		1,535
Trade investments		**22,162**		22,026
Finite Insurance Layer deposit		**13,333**		6,667
Other long term assets held by subsidiary		**3,231**		—
	$	**65,976**	$	60,123

8. BANK AND OTHER LOANS

As at October 31 *(in thousands)*		2005		2004
Bank loans	$	**178,185**	$	109,000
Member and employee loans		**22,630**		23,121
	$	**200,815**	$	132,121

The Company's revolving facility with a syndicate of banks, expiring February 27, 2006, has seasonal limits of $475 million between January 1 and May 31, $300 million between June 1 and August 31, and $425 million between September 1 and December 31, and may be drawn to the lesser of the facility limit or a margin based on qualifying receivables and inventories. This facility is secured by a first floating charge over receivables and inventory and a second fixed charge over all other assets of the Company and its material wholly-owned subsidiaries. The Company may draw its revolving credit facility using prime rate advances, at an interest rate of prime plus up to 2% (subject to the Company's fixed charge ratio), or by using alternate advance instruments at similar rates.

A wholly-owned subsidiary has a U.S. $10 million (2004 – U.S. $9.4 million) revolving credit facility at 1.00% p.a. (2004 – 0.85%) over LIBOR (London Interbank Money Market Offer Rate) that matures on February 28, 2006, secured by a guarantee from the Company (Note 18). In addition, this subsidiary has a Japanese Yen ("JPY") 2 billion credit facility, secured by a guarantee from the Company (Note 18), and a JPY 100 million credit facility, both at local short-term market rates, both with no fixed expiry date.

Loans from members and employees are unsecured, repayable on demand and bear interest at rates varying from 3.25% to 5.5% (2004 – 2.5% to 5.5%).

9. LONG-TERM DEBT

As at October 31 *(in thousands)*		2005		2004
Syndicated Term Loan	$	**106,000**	$	129,000
Term Notes		**99,463**		104,913
Series A Notes		**42,659**		49,769
Series B Notes		**21,237**		21,237
Cascadia Series B Notes		**45,000**		47,500
Other long-term debt		**8,254**		8,835
		322,613		361,254
Less: current portion		**(39,303)**		(39,189)
	$	**283,310**	$	322,065

The fair value of long-term debt approximates its carrying amount. The Syndicated Term Loan, Term Notes, Series A Notes and Series B Notes are secured, *pari passu*, by specific charges over material fixed assets and a floating charge over all other assets of the Company and its material wholly-owned subsidiaries.

SYNDICATED TERM LOAN

A term facility with a syndicate of banks at a floating interest rate of prime plus 0.5% to 2.5% (subject to the Company's fixed charge ratio), and a stamping fee of 1.5% to 3.5% (subject to the Company's fixed charge ratio), is repayable in quarterly installments of $5.75 million between November 2005 and August 2007 with the balance due on November 30, 2007. The floating interest rate component has been fixed through a swap arrangement.

An interest rate swap of $106 million at 6.65% (2004 – $129 million at 6.65%) with a Schedule I bank is used to hedge the floating interest rate component of the Syndicated Term Loan. The fair value of the interest rate swap obligation is $4.8 million at October 31, 2005 (2004 – $8.6 million).

TERM NOTES

A term facility with a U.S. based life insurance company at a fixed rate of 9.67% is repayable in monthly installments of $454,000 to January 2009 and $973,000 per month from February 2009 to maturity in January 2016.

SERIES A AND B NOTES

Series A Notes with a syndicate of Canadian life insurance companies at a fixed rate of 10.25% (2004 – 10.25%) are repayable in equal annual installments of $7.1 million in December to maturity in 2010. The Series B Notes with a syndicate of Canadian life insurance companies at a fixed rate of 10.8% (2004 – 10.8%) are repayable in equal annual installments of $2.1 million in December from 2011 to 2020.

Cascadia Series B Notes

The Notes with a syndicate of Canadian life insurance companies are collateralized by a first fixed and specific mortgage on the Cascadia Terminal as well as a pledge and charge on all of Cascadia Terminal's leasehold land and interests. The Notes carry a fixed rate of 6.98% (2004 – 6.98%), repayable in equal annual installments of $2.5 million in August to maturity in 2023.

OTHER LONG-TERM DEBT

Other long-term debt, held by subsidiaries, is repayable within nine years.

The following summarizes the aggregate amount of scheduled repayments of long-term debt in each of the next five years:

For the years ending October 31
(in thousands)

2006	$ 39,303
2007	43,089
2008	75,468
2009	20,111
2010	21,529

10. CONVERTIBLE DEBENTURES

The Company issued $105 million of 9% convertible unsecured subordinated debentures (the "Debentures") on November 27, 2002, maturing November 30, 2007, with interest payable semi-annually on May 31 and November 30. The Debentures are convertible, at the option of the holder, at any time prior to the maturity date at a conversion price of $7.50 per share or 133.3333 Limited Voting Common Shares per $1,000 principal amount of Debentures. The Debentures may not be redeemed by the Company prior to December 1, 2005. On or after December 1, 2005, and prior to December 1, 2006, the Debentures may be redeemed by the Company in whole or in part, on not more than 60 days' and not less than 30 days' prior notice, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest, provided that the volume weighted average trading price of the Limited Voting Common Shares on the Toronto Stock Exchange ("TSX") for at least 20 trading days in any consecutive 30-day period ending on the fifth trading day prior to the date on which notice of redemption is given exceeds 125% of the conversion price. On or after December 1, 2006, the Debentures may be redeemed by the Company at any time at a redemption price equal to the principal amount thereof plus accrued and unpaid interest. The Company may, at its option and subject to regulatory approval, elect to satisfy its obligation to repay the principal amount of the Debentures which are to be redeemed or which have matured by issuing to the holders of the Debentures, for each $1,000 principal amount of Debentures, that number of freely tradable Limited Voting Common Shares obtained by dividing such principal amount by 95% of the Current Market Price. Current Market Price means an amount equal to the volume weighted average trading price of the Limited Voting Common Shares on the TSX for 20 consecutive trading days ending on the fifth trading day preceding the date of determination.

11. OTHER LONG-TERM LIABILITIES

As at October 31 *(in thousands)*	2005	2004
Post-employment benefits other than pension (Note 14)	$ **12,528**	$ 11,796
Asset retirement obligation	**17,386**	18,096
Other liabilities	**5,520**	5,922
	$ **35,434**	$ 35,814

ASSET RETIREMENT OBLIGATION

Westco, a joint venture of the Company in which it holds a 57% interest, discontinued manufacturing fertilizer at its two processing plants in 1987. Subsequent to the closures, Westco retained an independent consultant who estimated the site reclamation and decommissioning costs to be between $44 million and $61.5 million. In 2000, Westco developed conceptual reclamation plans, designed to meet current regulatory requirements, based on site assessments, environmental risk data and current available technology and updated its cost estimate to $51 million. The Company provides no guarantee for the obligations of Westco. As at October 31, 2005, Westco has expended $22 million (2004 – $19 million) in reclamation costs.

Westco is accounting for the obligation as an asset retirement obligation ("ARO") and as such, the reclamation provision represents the Company's pro rata share of Westco's ARO as at October 31, 2005 (Note 24). As at November 1, 2004, the Company's proportionate share of Westco's ARO balance, which represents the discounted future value of the estimated cash flows required to settle the obligation, was $18.3 million (previous reclamation provision recognized by the Company as of the same date was $18.1 million). As of October 31, 2005, the Company's proportionate share of the estimated undiscounted cash flows required to settle the obligation is $18.9 million, which is expected to be settled between 2005 and 2014. The credit-adjusted risk-free rates at which the estimated cash flows have been discounted range from 4% to 5.15%.

A reconciliation of the opening and closing carrying amount of the ARO is as follows:

For the year ended October 31 *(in thousands)*	2005
Opening balance	$ 18,096
Less: Liabilities settled during period	(1,627)
Add: Accretion expense, included in operating, general and administrative expenses	917
Closing balance	$ 17,386

OTHER LIABILITIES

Other liabilities include a provision of $5 million (2004 – $5 million) accrued by the Company as part of its revaluation of the liabilities of Agricore Ltd. on acquisition.

12. SHARE CAPITAL

The Company is governed by the United Grain Growers Act, a special act of the Parliament of Canada, under which it has both members and shareholders. Members are customers of the Company and are entitled to elect 12 directors, who must be members of the Company. The Company's Limited Voting Common Shareholders are entitled to elect three directors, who cannot be members. Members who are not shareholders are not entitled to participate in any profit or distribution of the Company.

The authorized, issued and outstanding shares of the Company are:

As at October 31 *(in thousands, except shares)*	2005		2004	
	Shares	Value	Shares	Value
Authorized				
Preferred shares, issuable in series	unlimited		unlimited	
Limited Voting Common Shares	unlimited		unlimited	
Issued and outstanding				
Series "A" convertible preferred shares, non-voting, $1 dividend per share, cumulative, convertible (1:1 basis), callable at $24				
Opening balance	1,104,552	$ 22,091	1,105,151	$ 22,103
Converted to Limited Voting Common Shares	(183)	(3)	(599)	(12)
Closing balance	1,104,369	$ 22,088	1,104,552	$ 22,091
Limited Voting Common Shares				
Opening balance	45,315,467	$ 437,866	45,309,932	$ 438,406
Issued (redeemed)				
Upon conversion of preferred shares	183	3	599	12
Directors' share compensation plan	22,694	188	18,047	155
Dividend Reinvestment Plan	22,793	178	8,049	65
Assisted Sales Program	—	—	(13,466)	(172)
Share consolidation program, including redemption costs (net of tax)	—	—	(1,527,694)	(15,238)
Private placement	—	—	1,520,000	14,638
Closing balance	45,361,137	$ 438,235	45,315,467	$ 437,866
		$ 460,323		$ 459,957

Share Consolidation Program – Effective February 22, 2004, through a one-day share consolidation program, the Company acquired for cancellation 1,527,694 Limited Voting Common Shares from registered shareholders holding less than 100 Limited Voting Common Shares at a price of $9.63 per share for a total cost of $15.2 million, including redemption costs (net of tax). The one-day program provided for the consolidation of the Limited Voting Common Shares on a 1 for 100 basis on February 22, 2004. Following the consolidation, all registered shareholders who held less than one Limited Voting Common Share became entitled to receive a cash payment of $9.63 for each pre-consolidation share instead of a fractional share in the Company. On February 23, 2004, the remaining Limited Voting Common Shares were split on a 100 for 1 basis returning all remaining shareholders to their previous shareholdings.

Private Placement of Limited Voting Common Shares – On March 1, 2004, the Company completed a private placement of 1,520,000 Limited Voting Common Shares at a price of $9.63 per share for total proceeds of $14.6 million. Pursuant to a pre-emptive rights agreement, ADM Agri-Industries Company, a wholly-owned subsidiary of Archer Daniels Midland Company, exercised its right to purchase all of the Limited Voting Common Shares offered by the Company under the private placement.

The following table summarizes the issued and outstanding Limited Voting Common Shares, along with securities convertible into Limited Voting Common Shares:

As at October 31	2005	2004
Issued and outstanding Limited Voting Common Shares	**45,361,137**	45,315,467
Securities convertible into common shares:		
9% convertible unsecured subordinated debentures, maturing November 30, 2007, convertible at 133.3333 shares per $1,000 principal amount	**14,000,000**	14,000,000
Series "A" convertible preferred shares, non-voting, $1 dividend per share, cumulative, convertible (1:1 basis), callable at $24	**1,104,369**	1,104,552
Stock options	**892,586**	732,045
	61,358,092	61,152,064

The Company has the following share-related plans:

EMPLOYEE SHARE PURCHASE PLAN

Under the Company's Employee Share Purchase Plan ("ESPP"), qualifying employees may contribute from 1% to 7% of their basic earnings to the ESPP, with the Company contributing an amount equal to 50% of all employee contributions. Contributions are used to acquire shares, either from the open market or from the Company, based on share trading prices on the TSX.

MEMBER SHARE PURCHASE PLAN

Under the Company's Member Share Purchase Plan ("MSPP"), eligible members may contribute to the MSPP by way of a cash payment or cash ticket deduction payment. Contributions and dividends paid are used to acquire shares, either from the open market or from the Company, based on share trading prices on the TSX.

DIRECTORS' SHARE COMPENSATION PLAN

Under the Directors' Share Compensation Plan ("DSCP"), the Company pays its directors a minimum of 25% and a maximum of 50% of their annual compensation through the issuance from treasury of Limited Voting Common Shares, based on share trading prices on the TSX.

DIVIDEND REINVESTMENT PLAN

Under the Company's optional Dividend Reinvestment Plan ("DRIP"), which was implemented March 19, 2004, participating shareholders are allowed to increase their investment in the Company by choosing to automatically reinvest cash dividends received on Limited Voting Common Shares and Series "A" Convertible Preferred Shares for Limited Voting Common Shares issued from treasury. Under the plan, cash dividends received on Limited Voting Common Shares will be reinvested at 95% of the weighted average of the TSX market price for the five trading days immediately preceding the applicable dividend payment date. Cash dividends received on Series "A" Convertible Preferred Shares will be reinvested at a price equivalent to the weighted average of the TSX market price for Limited Voting Common Shares for the five trading days immediately proceeding the applicable dividend payment date.

13. STOCK-BASED COMPENSATION

EXECUTIVE STOCK OPTION PLAN

Under the terms of the Executive Stock Option Plan ("ESOP"), eligible executives of the Company are entitled to receive options to acquire Limited Voting Common Shares. The following details stock options that were outstanding and exercisable at October 31, 2005:

				Number of Shares	
Date granted	Exercise Price	Expiry Date	Weighted average remaining contractual life in years	Outstanding	Exercisable
December 13, 1996	$ 10.20	2006	1.12	82,120	82,120
September 17, 1998	$ 11.50	2008	2.88	111,960	111,960
September 20, 2001	$ 10.30	2011	5.89	19,000	19,000
March 21, 2002	$ 9.70	2012	6.39	346,027	276,800
March 18, 2004	$ 9.30	2014	8.38	165,000	66,000
March 18, 2004	$ 9.70	2014	8.38	3,479	1,391
November 1, 2004	$ 7.64	2014	9.01	165,000	33,000
			6.32	892,586	590,271

At October 31, 2005, in addition to the stock options outstanding, the Company has reserved a further 343,047 Limited Voting Common Shares (2004 – 303,588) for granting under the ESOP.

The Company recorded compensation expense of $549,000 (2004 – $402,000) and a related increase in Contributed Surplus regarding stock options issued under the terms of the ESOP. The exercise price of the option equals the market price of the Company's stock on the date of the grant. The fair value of each option granted since January 1, 2002 is estimated based on the date of grant using the Black-Scholes option pricing model. The following weighted average assumptions were used to value options granted in the current year: dividend yield of 1.57% (2004 – 2.70%), expected volatility of 39.82% (2004 – 38%), risk-free interest rate of 5.03% (2004 – 4.68%) and expected life of 10 years (2004 – 10 years). The Options vest at a rate of 20% per year commencing on the grant date. The weighted average fair value of options granted during the year was $3.58 (2004 – $3.82).

The following summarizes the status of the ESOP and changes during the year:

For the years ended October 31	2005		2004	
	Number of Shares	Weighted average exercise price	Number of Shares	Weighted average exercise price
Outstanding at beginning of year	**732,045**	**$ 9.96**	603,041	$ 10.16
Granted*	**165,000**	**7.64**	168,479	9.31
Forfeited	**(4,459)**	**9.70**	(39,475)	10.22
Outstanding at end of year	**892,586**	**$ 9.53**	732,045	$ 9.96
Exercisable at end of year	**590,271**	**$ 9.97**	453,242	$ 10.23

**On November 1, 2005, the Company granted a further 165,000 stock options under the ESOP with an exercise price of $7.10 vesting 20% per year commencing on the grant date and expiring November 1, 2015*

RESTRICTED STOCK UNIT PLAN

In 2004, the Company approved, in principle, a plan to grant Restricted Stock Units ("RSU") to certain employees, subject to obtaining a favorable income tax ruling from Canada Revenue Agency ("CRA"). The CRA ruling was not received until late in 2005 and effectively prevented the Company from implementing the plan until November 1, 2005. Accordingly, the Company cancelled all prior agreements under the proposed RSU plan and no amount in respect of the proposed plan has been paid or remains accrued.

14. EMPLOYEE FUTURE BENEFITS

The Company maintains several defined benefit and defined contribution pension plans for substantially all of its employees and is also a sponsor of a multi-employer defined benefit plan. Its defined benefit pension plans are based on years of service and final average salary. For one of the Company's defined benefit plans, pension benefits may increase annually based on the performance of the fund.

The Company maintains several benefit plans for its retirees, which may include life, extended health and dental coverage.

The Company applied to the Office of the Superintendent of Financial Institutions ("OSFI") to harmonize (effective July 1, 2003) the employee pension arrangements of certain pension plans and to merge (effective September 1, 2003) two defined benefit plans that currently have surpluses of $16.6 million and two defined benefit plans that currently have deficits of $11.6 million, which would result in the Company having two defined benefit plans, one with a surplus and one with a modest deficit. The pension benefits accrued to the members prior to the effective date are fully protected, will be fully preserved and are not affected by the harmonization. Management believes that there will be no adverse impact on the financial position of the Company as a result of the harmonization of the plans and merger of the funds. If OSFI denies the application, the Company will be required to fund the plan deficits over a period of 5 to 15 years.

Total cash payments by the Company for employee future benefits for 2005, consisting of cash contributed to its pension plans, cash payments directly to beneficiaries for other benefits, and cash contributed to its defined contribution plans was $4.8 million (2004 – $3.6 million).

The Company measures its accrued benefit obligations and the fair value of plan assets for accounting purposes as at October 31 of each year. The dates of the actuarial valuations of the pension plans vary by plan with the most recent valuation completed on December 31, 2004. The next valuation is required by December 31, 2005.

The Company is amortizing the transitional asset that resulted from the adoption of the new accounting standard on employee future benefits in fiscal 2001, over 13 years which was the ARSP of employees in 2001 expected to receive benefits under the plan. The ARSP for 2005 for the various defined benefit plans ranges from 12 to 14 years (2004 – 12 to 14 years).

The following summarizes the Company's net benefit plan income (expense):

For the years ended October 31
(in thousands)

	2005			2004		
	Incurred in year	**Adjustments***	**Recognized in year**	Incurred in year	Adjustments*	Recognized in year
Defined Benefit Pension Plans:						
Current service cost, net of employee contributions	$ (623)	$ —	$ (623)	$ (606)	$ —	$ (606)
Interest cost	(7,457)	—	(7,457)	(7,098)	—	(7,098)
Return on plan assets	16,506	(8,098)	8,408	11,280	(3,321)	7,959
Actuarial gains (losses)	(7,962)	6,987	(975)	(4,193)	3,448	(745)
Amortization of the transitional obligation	—	822	822	—	822	822
	464	(289)	175	(617)	949	332
Other Defined Future Benefit Plans						
Current service cost, net of employee contributions	(251)	—	(251)	(245)	—	(245)
Interest cost	(801)	—	(801)	(745)	—	(745)
Actuarial gains (losses)	—	(26)	(26)	(298)	272	(26)
	(1,052)	(26)	(1,078)	(1,288)	272	(1,016)
Total Defined benefit plans	(588)	(315)	(903)	(1,905)	1,221	(684)
Defined contribution plans	(5,041)	—	(5,041)	(4,788)	—	(4,788)
Multi-employer defined benefit plan	(741)	—	(741)	(691)	—	(691)
Net benefit plan income (expense)	$ (6,370)	$ (315)	$ (6,685)	$ (7,384)	$ 1,221	$ (6,163)

Accounting adjustments to allocate costs to different years to recognize the long-term nature of employee future benefits.

The following summarizes information about the Company's defined benefit plans in aggregate:

As at October 31 *(in thousands)*	Pension Benefits 2005	Pension Benefits 2004	Other Future Benefits 2005	Other Future Benefits 2004
Plan Assets				
Fair value, beginning of year	$ 130,957	$ 131,648	$ —	$ —
Actual return on plan assets	16,506	11,280	—	—
Employer contributions	1,855	399	346	586
Employee contributions	124	127	—	—
Surplus transferred to defined contribution plan	(3,143)	(2,873)	—	—
Benefits paid	(10,671)	(9,624)	(346)	(586)
Fair value, end of year	$ 135,628	$ 130,957	$ —	$ —
Accrued Benefit Obligation				
Balance, beginning of year	$ 127,580	$ 125,180	$ 12,542	$ 11,840
Current service cost	747	733	251	245
Interest cost	7,457	7,098	801	745
Benefits paid	(10,671)	(9,624)	(346)	(586)
Actuarial losses	7,962	4,193	—	298
Balance, end of year	$ 133,075	$ 127,580	$ 13,248	$ 12,542
Funded Status				
Plan surplus (deficit)	$ 2,553	$ 3,377	$ (13,248)	$ (12,542)
Unamortized transitional amount	(6,424)	(7,246)	—	—
Unamortized net losses	17,006	18,116	720	746
Deferred benefit asset (liability)	$ 13,135	$ 14,247	$ (12,528)	$ (11,796)

The percentage of plan assets by major category is:

As at October 31	2005	2004
Equities	58%	65%
Debt securities	38%	32%
Other	4%	3%
	100%	100%

The significant weighted average assumptions used in measuring the Company's pension and other obligations are:

As at October 31	Pension Benefits 2005	Pension Benefits 2004	Other Future Benefits 2005	Other Future Benefits 2004
Accrued benefit obligation:				
Discount rate	5.50%	6.00%	6.25%	6.25%
Rate of compensation increase	4.00%	4.00%	n/a	n/a
Benefit cost:				
Discount rate	6.00%	6.25%	n/a	n/a
Expected long-term rate of return on plan assets	6.70%	6.70%	n/a	n/a
Rate of compensation increase	4.00%	4.00%	n/a	n/a
Initial health care cost trend rates*	n/a	n/a	6.50%	7.00%

**The health care cost trend rate will decline by 0.5% per year to an ultimate rate of 3.0%.*

A one percentage-point change in assumed health care cost trend rates would have the following effects for 2005:

	Increase	Decrease
Interest cost	$ 6,000	$ (4,000)
Accrued benefit obligation	$ 313,000	$ (281,000)

15. RELATED PARTY TRANSACTIONS

The Company has transactions with related parties in the normal course of business at commercial rates and terms. Related parties may include investees Prince Rupert Grain, The Puratone Corporation, Canadian Pool Agencies Limited, Interprovincial Cooperative Limited, as well as the Company's principal shareholder Archer Daniels Midland Company and its respective subsidiaries and associated companies.

Total sales to related parties were $95.1 million (2004 – $120.5 million) and total purchases from related parties were $42.2 million (2004 – $51.8 million). As at October 31, 2005, accounts receivable from and accounts payable to related parties totalled $6.6 million (2004 – $2.8 million) and $117,000 (2004 –$43,000), respectively.

16. INTEREST AND SECURITIZATION EXPENSES

For the years ended October 31 *(in thousands)*	2005	2004
Interest on:		
Convertible debentures (Note 10)	$ 9,450	$ 9,450
Long-term debt	31,381	33,793
Short-term debt	9,249	9,111
Securitization expenses	1,716	1,665
CWB carrying charge recovery	(1,919)	(1,875)
	$ 49,877	$ 52,144

17. INCOME TAXES

The Company's income tax (expense) recovery consists of:

For the years ended October 31 *(in thousands)*	2005	*(Restated – Note 24)* 2004
Current income tax expense	$ (4,703)	$ (2,688)
Future income tax (expense) recovery	(2,579)	6,025
Income tax (expense) recovery	$ (7,282)	$ 3,337

The Company's effective tax rate is determined as follows:

For the years ended October 31 *(in thousands)*	2005	*(Restated - Note 24)* 2004
Income tax (expense) recovery at a combined statutory rate of 34.9% (2004 – 33%)	$ (6,906)	$ 4,457
Large corporation capital tax	(1,768)	(2,112)
Tax paid equity earnings	296	215
Non-taxable portion of capital gain	683	536
Expenses not deductible for income tax purposes	(991)	(1,407)
Change in estimate of tax accruals	2,307	1,678
Effect of tax rate changes on future income tax balances	(658)	169
Miscellaneous	(245)	(199)
Income tax (expense) recovery	$ (7,282)	$ 3,337

Significant components of the Company's future tax assets and liabilities are:

As at October 31 *(in thousands)*	2005	*(Restated – Note 24)* 2004
Future tax assets:		
Reserves and other liabilities	$ 6,393	$ 7,451
Other post employment benefits	4,385	4,247
Other deferred charges	3,586	6,978
Capital assets	352	442
Non-capital losses carried forward	110,633	112,594
Other long-term liabilities	7,144	7,408
Other temporary differences	610	577
	$ 133,103	$ 139,697
Future tax liabilities:		
Capital assets	24,522	21,768
Trade investments	65,382	63,710
Deferred pension costs	4,953	5,462
Other deferred charges	1,581	3,037
Intangible assets	3,361	2,911
Other	3,137	4,374
	$ 102,936	$ 101,262
Net future tax asset	$ 30,167	$ 38,435
Comprised of:		
Future tax asset – current	$ 19,417	$ 6,801
Future tax liability – current	(272)	(345)
Future tax asset – non-current	18,307	38,506
Future tax liability – non-current	(7,285)	(6,527)
	$ 30,167	$ 38,435

18. GUARANTEES AND CONTINGENCIES

LETTERS OF CREDIT

The Company has provided banking letters of credit to third parties for activities that are inherent in the nature of the agriculture industry. The terms range in duration and expire at various dates from November 2005 to February 2007. The amounts vary depending on underlying business activity or the specific agreements in place with the third parties. As at October 31, 2005, the outstanding banking letters of credit were $56.7 million (2004 – $99.3 million).

During 2005, and in satisfaction of its regulatory requirement, the Company entered into a new credit insurance program underwritten by a major international insurer, to replace the letters of credit previously provided to the Canadian Grain Commission.

INDEMNIFICATION OF ACCOUNTS RECEIVABLE

Agricore United Financial – Under the terms of an agreement with a Canadian Schedule I chartered bank (Note 4), the Company indemnifies the bank for 50% of future losses to a maximum of five percent of the aggregate qualified portfolio balance. The Company's aggregate indemnity will vary at any given time with the size of the underlying portfolio. As at October 31, 2005, the Company has provided $4.1 million (2004 – $2.8 million) for actual and expected future losses.

Unifeed Financial – Under the terms of an agreement with a Canadian Schedule I chartered bank (Note 4), the Company indemnifies the bank for credit losses based on the first 20% to 33% of new credit issued on an individual account, dependant on the account's underlying credit rating, with losses in excess of these amounts shared on an equal basis with the bank up to 5% on the aggregate qualified portfolio balance. The Company's aggregate indemnity will vary at any given time with the credit rating of the underlying accounts and the aggregate credit outstanding. As at October 31, 2005, the Company has provided $221,000 (2004 – $99,000) for actual and expected future losses.

LOAN GUARANTEES

The Company is contingently liable under several guarantees given to third-party lenders who have provided long-term financing to certain independent hog producers. As at October 31, 2005, the current outstanding balance of these guarantees is $3.8 million (2004 – $4.2 million). These guarantees diminish as the underlying loans are repaid and expire between 2006 and 2014.

The Company is contingently liable under two guarantees given to two third-party lenders who have provided certain financing facilities to a wholly-owned foreign subsidiary. As at October 31, 2005, the maximum amount of the guarantees are U.S. $25 million (2004 – U.S. $25 million) and JPY 2 billion (2004 – JPY 2.65 billion) or approximately $50 million in aggregate.

DIRECTOR AND OFFICER INDEMNIFICATION

The Corporation indemnifies its directors and officers against any and all claims or losses reasonably incurred in the performance of their service to the Corporation to the extent permitted by law. The Corporation has acquired and maintains liability insurance for its directors and officers as well as those of certain affiliated companies.

OTHER INDEMNIFICATION PROVISIONS

From time to time, the Company enters into agreements in the normal course of operations and in connection with business or asset acquisitions or dispositions. By their nature, these agreements may provide for indemnification of counterparties. The varying nature of these indemnification agreements prevents the Company from making a reasonable estimate of the maximum potential amount it could incur. Historically, the Company has not made any significant payments in connection with these indemnification provisions.

OTHER CONTINGENCIES

As at October 31, 2005, there are claims against the Company in varying amounts for which no provisions in the financial statements are considered necessary. The occurrence of the confirming future event is not determinable or it is not possible to determine the amounts that may ultimately be assessed against the Company with respect to these claims. Management believes that any such amounts would not have a material impact on the business or financial position of the Company, or the occurrence of the confirming future event is not determinable.

19. LEASE COMMITMENTS

The Company has operating leases, with varying terms ranging up to 17 years, for office premises and equipment, storage facilities and sites, application equipment and licensed vehicles. Future minimum payments under these commitments are:

For the years ending October 31
(in thousands)

2006	$	14,553
2007		11,840
2008		9,101
2009		7,110
2010		5,204
After 2010		28,557
	$	76,365

20. FINANCIAL INSTRUMENTS

FORWARD FOREIGN EXCHANGE CONTRACTS

The following amounts represent the contracted Canadian dollar equivalent of commitments to buy and sell foreign currency:

As at October 31
(in thousands)

		Sell		Buy
U.S. dollars	$	268,129	$	54,376
Euro	$	21,729	$	423
British Pounds	$	107	$	—

Since any foreign exchange gains or losses are recognized as they arise and are offset by losses or gains on the underlying hedge transaction, the fair value of these contracts approximates the carrying value.

FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The following summarize the major methods and assumptions used in estimating the fair values of financial instruments:

- Short-term financial instruments are valued at their carrying amounts included in the balance sheet, which are reasonable estimates of fair value due to the relatively short period to maturity of the instruments.
- Rates currently available to the Company for long-term debt with similar terms and remaining maturities are used to estimate the fair value of existing borrowings as the present value of expected cash flows.
- The fair value of derivatives generally reflects the estimated amounts that the Company would have to pay, or would receive, upon termination of the contracts at the reporting date, thereby taking into account the current unrealized gains or losses of open contracts.

21. INTEREST IN JOINT VENTURES

The Company's interest in its joint ventures is recognized using the proportionate consolidation method at rates that approximate either the Company's ownership interest in, or the volume of business with, the respective joint venture.

As at October 31
(in thousands)

		2005		2004
Balance Sheets				
Current assets	$	90,856	$	57,782
Long-term assets		101,671		103,360
Current liabilities		(45,551)		(11,640)
Long-term liabilities		(6,926)		(7,584)
Other long-term liabilities		(17,645)		(18,608)
Net investment in joint ventures	$	122,405	$	123,310

For the years ended October 31
(in thousands)

		2005		2004
Statements of Earnings				
Revenues	$	81,148	$	65,258
Expenses		(28,451)		(27,845)
Income tax recovery (provision)		(633)		(1,306)
Net earnings	$	52,064	$	36,107
Statements of Cash Flows				
Cash flows provided by (used in):				
Operating activities	$	58,789	$	48,535
Investing activities		(10,220)		4,995
Financing activities		(40,323)		(81,918)
Increase (decrease) in cash and cash equivalents	$	8,246	$	(28,388)

22. SEGMENT INFORMATION

The Company has five reportable business segments operating primarily in western Canada: Grain Handling, Crop Production Services, Livestock Services, Financial Markets and Other Investments as well as Corporate Administration. Grain Handling revenues are earned from the sourcing of grain from producers for delivery to end-users. Crop Production Services revenues are earned from the production and sale of crop input products and services through retail centers and country elevators. Livestock Services revenues are derived from the manufacture and sale of livestock feed and related services. Financial Markets and Other Investments include the activities of Agricore United Financial, Unifeed Financial and foreign exchange trading activities as well as the activities of other investments. The Corporate segment contains no substantial revenue and is comprised of corporate costs and other activities that are not specific to other business segments.

The Company has not provided revenues from external customers by geographic location as it is not practicable to do so. Total sales and revenue from services includes export sales of $1,186 million (2004 – $1,356 million). There is no material property, plant and equipment located in foreign countries.

For the years ended October 31 *(in thousands)*	2005	*(Restated – Note 24)* 2004
Sales and revenue from services:		
Grain Handling	$ 1,679,397	$ 2,042,029
Crop Production Services	835,758	754,249
Livestock Services	280,043	277,545
Financial Markets and Other Investments	10,443	9,403
	2,805,641	3,083,226
Less: Intersegment sales*	(30,362)	(35,091)
	$ 2,775,279	$ 3,048,135
Gross profit and net revenue from services:		
Grain Handling	$ 211,446	$ 213,567
Crop Production Services	184,999	161,626
Livestock Services	53,693	43,901
Financial Markets and Other Investments	10,443	9,403
	$ 460,581	$ 428,497
Operating, general and administrative expenses:		
Grain Handling	$ (143,969)	$ (140,079)
Crop Production Services	(112,143)	(108,392)
Livestock Services	(33,922)	(33,822)
Financial Markets and Other Investments	(5,217)	(3,417)
Corporate	(36,593)	(38,646)
	$ (331,844)	$ (324,356)
EBITDA:		
Grain Handling	$ 67,477	$ 73,488
Crop Production Services	72,856	53,234
Livestock Services	19,771	10,079
Financial Markets and Other Investments	5,226	5,986
Corporate	(36,593)	(38,646)
	$ 128,737	$ 104,141

For the years ended October 31 *(in thousands)*	2005	*(Restated – Note 24)* 2004
Depreciation and amortization:		
Grain Handling	$ (29,411)	$ (32,077)
Crop Production Services	(20,516)	(21,485)
Livestock Services	(4,239)	(3,857)
Financial Markets and Other Investments	(202)	(115)
Corporate	(6,349)	(7,677)
	$ (60,717)	$ (65,211)
EBIT:		
Grain Handling	$ 38,066	$ 41,411
Crop Production Services	52,340	31,749
Livestock Services	15,532	6,222
Financial Markets and Other Investments	5,024	5,871
Corporate	(42,942)	(46,323)
	$ 68,020	$ 38,930
* Intersegment sales		
Grain Handling	$ (29,543)	$ (34,631)
Crop Production Services	(819)	(460)
	$ (30,362)	$ (35,091)

As at October 31 *(in thousands)*	2005	*(Restated – Note 24)* 2004
Assets:		
Grain Handling	$ 765,768	$ 734,522
Crop Production Services	485,972	451,010
Livestock Services	117,101	130,887
Financial Markets and Other Investments	15,106	11,192
Corporate	93,252	125,757
	$ 1,477,199	$ 1,453,368
Intangible assets:		
Grain Handling	$ 6,590	$ 6,500
Crop Production Services	10,000	10,002
	$ 16,590	$ 16,502
Goodwill:		
Grain Handling*	$ 1,962	$ 5,549
Crop Production Services*	15,050	19,177
Livestock Services	4,177	4,177
	$ 21,189	$ 28,903

**Some provisions established at the merger date were greater than the actual cost incurred and accordingly the excess was applied to reduce the value of goodwill.*

23. RESTRUCTURING PLAN

The Company's comprehensive restructuring plan to rationalize its country operations involves the demolition of locations that are either closed or anticipated to be closed. The expenditures for the year and the remaining provision outstanding to complete this restructuring plan are:

For the years ended October 31
(in thousands)

	2005			2004		
	Demolition	Other Cash Costs	Total	Demolition	Other Cash Costs	Total
Opening balance	$ 2,511	$ 2,168	$ 4,679	$ 3,659	$ 2,207	$ 5,866
Less: expenses incurred	(668)	—	(668)	(1,148)	(39)	(1,187)
Less: provision released	(332)	—	(332)	—	—	—
Closing balance	$ 1,511	$ 2,168	$ 3,679	$ 2,511	$ 2,168	$ 4,679

24. ACCOUNTING POLICY CHANGES

Finite Insurance Layer

In the fourth quarter, the Company changed its accounting policy for certain insurance contracts that provide for the recovery of premiums depending on claims experience. Previously, the premium payments were expensed as incurred and the potential recovery was treated as a contingent gain. Under the new policy, such premiums are accounted for as deposits with the insurer. This treatment is consistent with U.S. GAAP and the Company believes it will provide greater comparability with other companies using similar insurance products. This change in accounting policy has the effect of reducing OG&A expenses, improving EBITDA and pre-tax earnings by $5 million (2004 – $5.6 million), increasing income taxes by $1.8 million (2004 – $2 million), increasing net earnings by $3.2 million (2004 – $3.6 million), increasing Other Assets by $13.3 million (2004 – $6.7 million), decreasing Prepaid Expenses by $1.1 million (2004 – $1.1 million) and decreasing Future Income Taxes – long-term asset by $4 million (2004 – $1.8 million).

Variable Interest Entities

Effective November 1, 2004, the Company adopted CICA Accounting Guideline AcG-15, Consolidation of Variable Interest Entities ("VIE"). A VIE is any legal structure used to conduct activities or hold assets which are not controlled by voting interests but rather by contractual or other interests that change with that entity's underlying net asset value. The application of these rules to specific situations is complex and the interpretation of the rules is evolving. The Company currently accounts for its subsidiaries in accordance with the Company's principles of consolidation. Based on its assessment of the entities in which it has contractual and other interests, the Company has concluded that these entities are either not VIEs or the adoption of AcG-15 did not result in a material change to the consolidated financial statements. There is no impact to the prior year results from the adoption of this policy.

Asset Retirement Obligations

Effective November 1, 2004, the Company adopted CICA Handbook Section 3110, Asset Retirement Obligations ("AROs"). The Company identified asset retirement obligations related to site restoration for certain property leases, however, these obligations are not material individually and in aggregate and, as such, a liability for AROs has not been recognized. The majority of these obligations were provided for under existing merger-related provisions and are expected to be settled within the next five years.

Westco, a joint venture of the Company, determined its previously recognized reclamation obligation qualifies as an ARO and has accounted for it accordingly (Note 11). Given the ARO balance approximated the previously established reclamation provision and that the retroactive income statement impact was insignificant, the Company recognized Westco's adoption of AROs prospectively without a restatement of opening retained earnings. There is no impact to the prior year results from the adoption of this policy.

25. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform to current year presentation.

Agricore United

Quarterly Consolidated Statement of Earnings – 2003 to 2005

(in thousands, unless otherwise stated – unaudited)

	2003 Q1	2003 Q2	2003 Q3	2003 Q4	2004 Q1	2004 Q2	2004 Q3	2004 Q4	2005 Q1	2005 Q2	2005 Q3	2005 Q4
Gross profit & net revenue from services												
Grain Handling	$ 37,986	$ 27,825	$ 37,488	$ 53,847	$ 46,459	$ 46,601	$ 69,878	$ 50,629	$ 51,892	$ 49,300	$ 57,481	$ 52,773
Crop Production Services	20,547	26,965	137,110	19,345	20,927	24,813	106,698	9,188	13,268	32,693	122,903	16,135
Livestock Services	11,278	9,845	9,969	9,297	10,594	11,581	10,594	11,132	13,838	14,402	12,574	12,879
Financial Markets & Other Investments	3,067	3,163	1,084	1,638	2,892	599	2,776	3,136	2,254	2,163	1,854	4,172
	72,878	67,798	185,651	84,127	80,872	83,594	189,946	74,085	81,252	98,558	194,812	85,959
Operating, general & administration expenses												
Grain Handling	(30,696)	(31,174)	(36,346)	(38,178)	(30,269)	(34,703)	(39,719)	(35,389)	(36,986)	(33,424)	(38,149)	(35,410)
Crop Production Services	(24,014)	(23,101)	(32,672)	(27,106)	(21,946)	(26,288)	(33,425)	(26,733)	(25,400)	(24,758)	(35,237)	(26,748)
Livestock Services	(7,119)	(7,414)	(7,845)	(8,293)	(7,961)	(8,674)	(8,645)	(8,542)	(8,609)	(7,905)	(8,330)	(9,078)
Financial Markets & Other Investments	72	(206)	(1,812)	(96)	73	(118)	(1,847)	(1,525)	(1,326)	(1,040)	(1,309)	(1,542)
Corporate Administration	(9,187)	(9,788)	(6,785)	(8,163)	(9,478)	(9,111)	(10,020)	(10,037)	(8,723)	(10,009)	(8,884)	(8,977)
	(70,944)	(7 ,683)	(85,460)	(8 ,836)	(69,581)	(78,894)	(93,656)	(87,276)	(81,044)	(77,136)	(91,909)	(81,755)
EBITDA												
Grain Handling	7,290	(3,349)	1,142	15,669	16,190	11,898	30,159	15,240	14,906	15,876	19,332	17,363
Crop Production Services	(3,467)	3,864	104,438	(7,761)	(1,019)	(1,475)	73,273	(17,545)	(12,132)	7,935	87,666	(10,613)
Livestock Services	4,159	2,431	2,124	1,004	2,633	2,907	1,949	2,590	5,229	6,497	4,244	3,801
Financial Markets & Other Investments	3,139	2,957	(728)	1,542	2,965	481	929	1,611	928	1,123	545	2,630
Corporate Administration	(9,187)	(9,788)	(6,785)	(8,163)	(9,478)	(9,111)	(10,020)	(10,037)	(8,723)	(10,009)	(8,884)	(8,977)
	1,934	(3,885)	100,191	2,291	11,291	4,700	96,290	(8,141)	208	21,422	102,903	4,204
Depreciation & amortization												
Grain Handling	(8,892)	(8,996)	(8,782)	(9,022)	(7,972)	(7,969)	(7,425)	(8,711)	(7,775)	(7,539)	(7,060)	(7,037)
Crop Production Services	(5,793)	(6,290)	(6,044)	(6,276)	(4,990)	(5,231)	(5,332)	(5,932)	(4,866)	(5,100)	(5,238)	(5,312)
Livestock Services	(765)	(780)	(792)	(882)	(813)	(826)	(849)	(1,369)	(1,058)	(1,056)	(1,061)	(1,064)
Financial Markets & Other Investments	(20)	(20)	(20)	(20)	(20)	(20)	(1)	(74)	(46)	(49)	(53)	(54)
Corporate Administration	(2,521)	(2,191)	(2,288)	(2,206)	(2,147)	(1,723)	(1,776)	(2,031)	(1,789)	(1,470)	(1,524)	(1,566)
	(17,991)	(18,277)	(17,926)	(18,406)	(15,942)	(15,769)	(15,383)	(18,117)	(15,534)	(15,214)	(14,936)	(15,033)
EBIT												
Grain Handling	(,602)	(12,345)	(7,640)	6,647	8,218	3,929	22,734	6,529	7, 3.	8,337	12,272	10,326
Crop Production Services	(9,260)	(2,426)	98,394	(14,037)	(6,009)	(6,706)	67,941	(23,477)	(16,998)	2,835	82,428	(15,925)
Livestock Services	3,394	1,651	1,332	122	1,820	2,081	1,100	1,221	4,171	5,441	3,183	2,737
Financial Markets & Other Investments	3,119	2,937	(748)	1,522	2,945	461	928	1,537	882	1,074	492	2,576
Corporate Administration	(11,708)	(11,979)	(9,073)	(10,369)	(11,625)	(10,834)	(11,796)	(12,068)	(10,512)	(11,479)	(10,408)	(10,543)
	(16,057)	(22,162)	82,265	(16,115)	(4,651)	(11,069)	80,907	(26,258)	(15,326)	6,208	87,967	(10,829)
Gain (loss) on disposal of assets	970	27	249	302	75	308	(281)	(391)	(5)	87	519	1,052
Interest & securitization expenses	(12,922)	(14,783)	(12,649)	(13,306)	(14,473)	(13,994)	(11,965)	(11,712)	(12,947)	(13,447)	(11,653)	(11,830)
Earnings from continuing operations, before taxes	(28,009)	(36,918)	69,865	(29,119)	(19,049)	(24,755)	68,661	(38,361)	(28,278)	(7,152)	76,833	(21,607)
Discontinued operations, net of tax	256	975	(134)	11,611	—	—	—	—	—	—	—	—
Income taxes	7,521	13,045	(25,698)	11,059	5,778	8,154	(25,815)	15,220	9,862	2,791	(28,547)	8,612
Net earnings (loss)	$ (20,232)	$ (22,898)	$ 44,033	$ (6,449)	$ (13,271)	$ (16,601)	$ 42,846	$ (23,141)	$ (18,416)	$ (4,361)	$ 48,286	$ (12,995)
Cash flow from operations	$ (17,092)	$ (13,187)	$ 92,116	$ (13,433)	$ (4,258)	$ (9,312)	$ 83,423	$ (17,556)	$ (13,506)	$ 8,302	$ 89,721	$ (9,215)
Weighted average number of shares	45,286	45,293	45,307	45,310	45,3.3	45, 74	45,306	45,3 5	45,376	45,337	45,350	45,360
Per Share:												
Earnings (loss)	$ (0.45)	$ (0.51)	$ 0.97	$ (0.15)	$ (0.30)	$ (0.37)	$ 0.94	$ (0.52)	$ (0.41)	$ (0.10)	$ 1.06	$ (0.29)
Earnings (loss), from continuing operations	$ (0.46)	$ (0.53)	$ 0.97	$ (0.40)	$ (0.30)	$ (0.37)	$ 0.94	$ (0.52)	$ (0.41)	$ (0.10)	$ 1.06	$ (0.29)
Diluted earnings (loss)	$ (0.45)	$ (0.51)	$ 0.75	$ (0.15)	$ (0.30)	$ (0.37)	$ 0.73	$ (0.52)	$ (0.41)	$ (0.10)	$ 0.82	$ (0.29)
Diluted earnings (loss), from continuing operations	$ (0.46)	$ (0.53)	$ 0.75	$ (0.40)	$ (0.30)	$ (0.37)	$ 0.73	$ (0.52)	$ (0.41)	$ (0.10)	$ 0.82	$ (0.29)
Cash flow from operations, per share	$ (0.38)	$ (0.30)	$ 2.03	$ (0.30)	$ (0.10)	$ (0.21)	$ 1.84	$ (0.39)	$ (0.30)	$ 0.18	$ 1.97	$ (0.21)
Operating Statistics												
Grain shipped (000 tonnes)	1,482	1,529	1,639	2,761	2,261	2,481	2,820	2,445	2,489	2,411	2,378	2,667
Crop protection, crop nutrition and seed sales ($ 000s)	$ 64,251	$ 90,682	$583,489	$ 88,403	$ 57,276	$ 99,516	$530,509	$ 47,928	$ 70,080	$121,562	$558,183	$ 65,977
Manufactured livestock feed sold (000 tonnes)	234	206	192	184	224	216	215	230	258	239	239	246
Non-feed gross profit ($ 000s)	$ 1,331	$ 989	$ 1,766	$ 843	$ 1,140	$ 2,004	$ 1,970	$ 816	$ 2,460	$ 3,466	$ 2,264	$ 2,633
Operating Ratios:												
Grain Handling gross profit per tonne	$ 25.63	$ 18.20	$ 22.87	$ 19.50	$ 20.55	$ 18.78	$ 24.78	$ 20.71	$ 20.85	$ 20.45	$ 24.17	$ 19.79
Crop Production Services sales margin (%)	32.0%	29.7%	23.5%	21.9%	36.5%	24.9%	20.1%	19.2%	18.9%	26.9%	22.0%	24.5%
Livestock Services feed margin per tonne	$ 42.51	$ 42.99	$ 42.72	$ 45.95	$ 42.21	$ 44.34	$ 40.11	$ 44.85	$ 44.10	$ 45.76	$ 43.14	$ 41.65

Agricore United

Year-to-Date Consolidated Statement of Earnings – 2003 to 2005
(in thousands, unless otherwise stated – unaudited)

	2003 Q1	2003 Q2	2003 Q3	2003 Q4	2004 Q1	2004 Q2	2004 Q3	2004 Q4	2005 Q1	2005 Q2	2005 Q3	2005 Q4
Gross profit & net revenue from services												
Grain Handling	$ 37,986	$ 65,811	$ 103,299	$ 157,146	$ 46,459	$ 93,060	$ 162,938	$ 213,567	$ 51,892	$ 101,192	$ 158,673	$ 211,446
Crop Production Services	20,547	47,512	184,622	203,967	20,927	45,740	152,438	161,626	13,268	45,961	168,864	184,999
Livestock Services	11,278	21,123	31,092	40,389	10,594	22,175	32,769	43,901	13,838	28,240	40,814	53,693
Financial Markets & Other Investments	3,067	6,230	7,314	8,952	2,892	3,491	6,267	9,403	2,254	4,417	6,271	10,443
	72,878	140,676	326,327	410,454	80,872	64,466	354,4 2	428,497	81,252	179,810	374,622	460,581
Operating, general & administration expenses												
Grain Handling	(30,696)	(61,870)	(98,216)	(136,394)	(30,269)	(64,972)	(104,691)	(140,080)	(36,986)	(70,410)	(108,559)	(143,969)
Crop Production Services	(24,014)	(47,115)	(79,787)	(106,893)	(21,946)	(48,234)	(81,659)	(108,392)	(25,400)	(50,.58)	(85,395)	(112,143)
Livestock Services	(7,119)	(14,533)	(22,378)	(30,671)	(7,96.)	(16,635)	(25,280)	(33,822)	(8,609)	(6,514)	(24,844)	(33,922)
Financial Markets & Other Investments	72	(134)	(1,946)	(2,042)	73	(45)	(1,892)	(3,4 7)	(,326)	(2,366)	(3,675)	(5,217)
Corporate Administration	(9,187)	(18,975)	(25,760)	(33,923)	(9,478)	(18,589)	(28,609)	(38,646)	(8,723)	(18,732)	(27,616)	(36,593)
	(70,944)	(142,627)	(228,087)	(309,923)	(69,58.)	(148,475)	(242,131)	(324,357)	(81,044)	(158,.80)	(250,089)	(33 ,844)
EBITDA												
Grain Handling	7,290	3,941	5,083	20,752	16,190	28,088	58,247	73,487	14,906	30,782	50,114	67,477
Crop Production Services	(3,467)	397	104,835	97,074	(1,019)	(2,494)	70,779	53,234	(12,132)	(4,197)	83,469	72,856
Livestock Services	4,159	6,590	8,714	9,718	2,633	5,540	7,489	10,079	5,229	11,726	15,970	19,771
Financial Markets & Other Investments	3,139	6,096	5,368	6,910	2,965	3,446	4,375	5,986	928	2,051	2,596	5,226
Corporate Administration	(9,187)	(18,975)	(25,760)	(33,923)	(9,478)	(18,589)	(28,609)	(38,646)	(8,723)	(18,732)	(27,616)	(36,593)
	1,934	(1,951)	98,240	100,531	11,291	15,991	112,281	104,140	208	21,630	124,533	128,737
Depreciation & amortization												
Grain Handling	(8,892)	(17,888)	(26,670)	(35,692)	(7,972)	(15,941)	(23,366)	(32,077)	(7,775)	(15,314)	(22,374)	(29,411)
Crop Production Services	(5,793)	(12,083)	(18,127)	(24,403)	(4,990)	(10,221)	(15,553)	(21,485)	(4,866)	(9,966)	(15,204)	(20,516)
Livestock Services	(765)	(1,545)	(2,337)	(3,219)	(813)	(1,639)	(2,488)	(3,857)	(1,058)	(2,114)	(3,175)	(4,239)
Financial Markets & Other Investments	(20)	(40)	(60)	(80)	(20)	(40)	(41)	(115)	(46)	(95)	(148)	(202)
Corporate Administration	(2,521)	(4,712)	(7,000)	(9,206)	(2,147)	(3,870)	(5,646)	(7,677)	(1,789)	(3,259)	(4,783)	(6,349)
	(7,991)	(36,268)	(54,194)	(72,600)	(15,942)	(31,71.)	(47,094)	(65,21.)	(15,534)	(30,748)	(45,684)	(60,717)
EBIT												
Grain Handling	(1,602)	(13,947)	(21,587)	(14,940)	8,218	12,147	34,881	41,410	7,131	15,468	27,740	38,066
Crop Production Services	(9,260)	(11,686)	86,708	72,671	(6,009)	(12,715)	55,226	31,749	(16,998)	(14,163)	68,265	52,340
Livestock Services	3,394	5,045	6,377	6,499	1,820	3,901	5,001	6,222	4,171	9,612	12,795	15,532
Financial Markets & Other Investments	3,119	6,056	5,308	6,830	2,945	3,406	4,334	5,871	882	1,956	2,448	5,024
Corporate Administration	(11,708)	(23,687)	(32,760)	(43,129)	(11,625)	(22,459)	(34,255)	(46,323)	(10,512)	(21,991)	(32,399)	(42,942)
	(16,057)	(38,219)	44,046	27,931	(4,651)	(15,720)	65,187	38,929	(15,326)	(9,1 8)	78,849	68,020
Gain (loss) on disposal of assets	970	997	1,246	1,548	75	383	102	(289)	(5)	82	601	1,653
Interest & securitization expenses	(12,922)	(27,705)	(40,354)	(53,660)	(14,473)	(28,467)	(40,432)	(52,144)	(12,947)	(26,394)	(38,047)	(49,877)
Earnings from continuing operations, before taxes	(28,009)	(64,927)	4,938	(24,181)	(19,049)	(43,804)	24,857	(13,504)	(28,278)	(35,430)	41,403	19,796
Discontinued operations, net of tax	256	1,231	1,097	12,708	—	—	—	—		—	—	—
Income taxes	7,521	20,566	(5,132)	5,927	5,778	13,932	(11,883)	3,337	9,862	12,653	(15,894)	(7,282)
Net earnings (loss)	$ (20,232)	$ (43,130)	$ 903	$ (5,546)	$ (13,271)	$ (29,872)	$ 12,974	$ (10,167)	$ (18,416)	$ (22,777)	$ 25,509	$ 12,514
Cash flow from operations	$ (17,092)	$ (30,279)	$ 61,837	$ 48,404	$ (4,258)	$ (13,570)	$ 69,853	$ 52,297	$ (13,506)	$ (5,204)	$ 84,517	$ 75,302
Weighted average number of shares	45,286	45,290	45,295	45,299	45,313	45,244	45,265	45,278	45,326	45,331	45,338	45,343
Per Share:												
Earnings (loss)	$ (0.45)	$ (0.96)	$ —	$ (0.15)	$ (0.30)	$ (0.67)	$ 0.27	$ (0.25)	$ (0.41)	$ (0.51)	$ 0.54	$ 0.25
Earnings (loss), from continuing operations	$ (0.46)	$ (0.99)	$ (0.02)	$ (0.43)	$ (0.30)	$ (0.67)	$ 0.27	$ (0.25)	$ (0.41)	$ (0.51)	$ 0.54	$ 0.25
Diluted earnings (loss)	$ (0.45)	$ (0.96)	$ —	$ (0.15)	$ (0.30)	$ (0.67)	$ 0.27	$ (0.25)	$ (0.41)	$ (0.51)	$ 0.49	$ 0.25
Diluted earnings (loss), from continuing operations	$ (0.46)	$ (0.99)	$ (0.02)	$ (0.43)	$ (0.30)	$ (0.67)	$ 0.27	$ (0.25)	$ (0.41)	$ (0.51)	$ 0.49	$ 0.25
Cash flow from operations, per share	$ (0.38)	$ (0.68)	$ 1.35	$ 1.04	$ (0.10)	$ (0.31)	$ 1.52	$ 1.13	$ (0.30)	$ (0.13)	$ 1.85	$ 1.64
Operating Statistics												
Grain shipped (000 tonnes)	1,482	3,011	4,650	7,411	2,261	4,742	7,562	10,007	2,489	4,900	7,278	9,945
Crop protection, crop nutrition and seed sales ($ 000s)	$ 64,251	$ 154,933	$ 738,422	$ 826,825	$ 57,276	$ 156,792	$ 687,301	$ 735,229	$ 70,080	$ 191,642	$ 749,825	$ 815,802
Manufactured livestock feed sold (000 tonnes)	234	440	632	816	224	440	655	885	258	497	736	982
Non-feed gross profit ($ 000s)	$ 1,331	$ 2,320	$ 4,086	$ 4,929	$ 1,140	$ 3,144	$ 5,114	$ 5,930	$ 2,460	$ 5,926	$ 8,190	$ 10,823
Operating Ratios:												
Grain Handling gross profit per tonne	$ 25.63	$ 21.86	$ 22.21	$ 21.20	$ 20.55	$ 19.62	$ 21.55	$ 21.34	$ 20.85	$ 20.65	$ 21.80	$ 21.26
Crop Production Services sales margin (%)	32.0%	30.7%	25.0%	24.7%	36.5%	29.2%	22.2%	22.0%	18.9%	24.0%	22.5%	22.7%
Livestock Services feed margin per tonne	$ 42.51	$ 42.73	$ 42.73	$ 43.46	$ 42.21	$ 43.25	$ 42.22	$ 42.91	$ 44.10	$ 44.90	$ 44.33	$ 43.66

Agricore United

Trailing Twelve Month Consolidated Statement of Earnings – 2003 to 2005

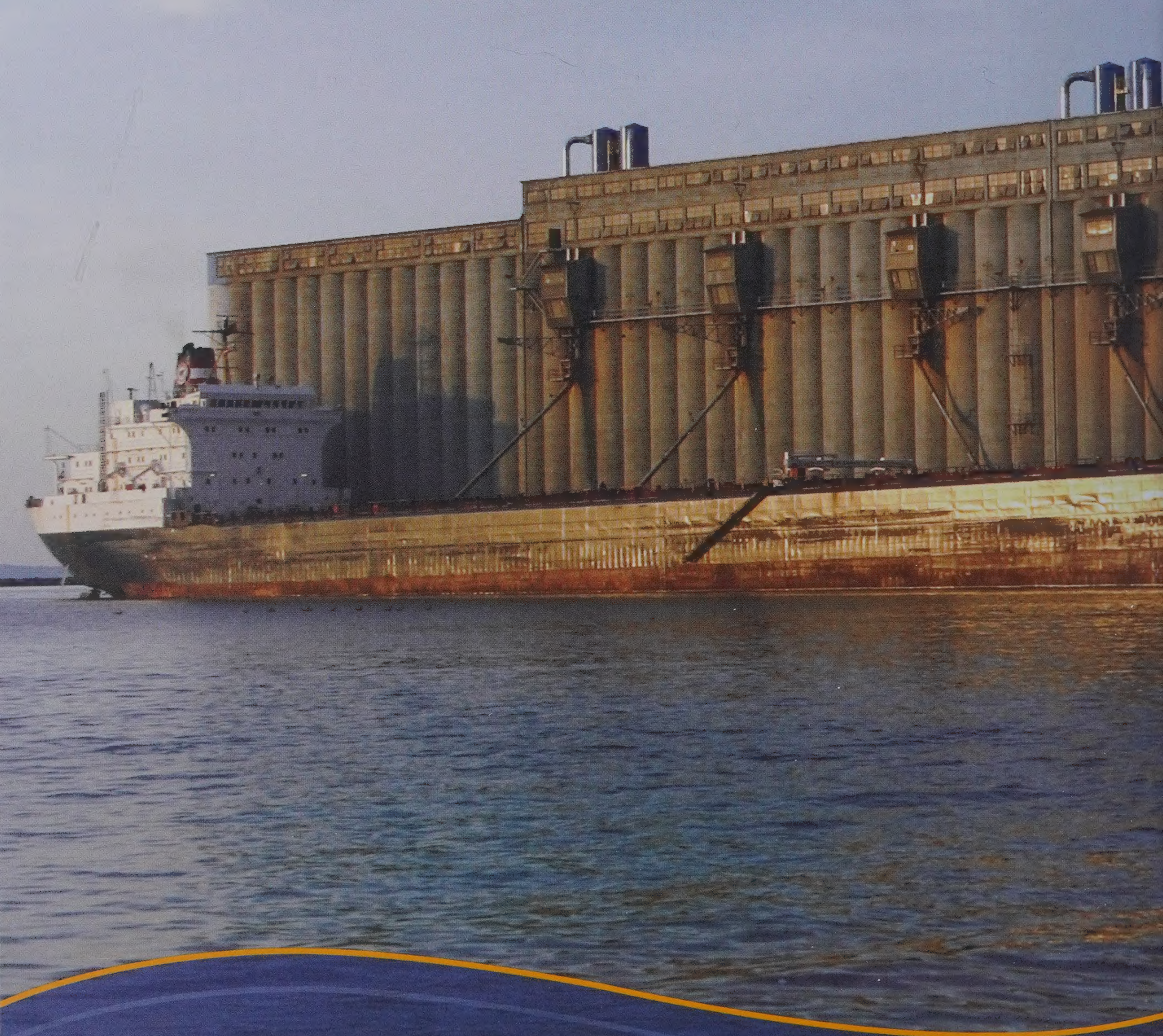
(in thousands, unless otherwise stated – unaudited)

	2003 Q1	2003 Q2	2003 Q3	2003 Q4	2004 Q1	2004 Q2	2004 Q3	2004 Q4	2005 Q1	2005 Q2	2005 Q3	2005 Q4
Gross profit & net revenue from services												
Grain Handling	$ 185,663	$ 166,217	$ 148,415	$ 157,146	$ 165,619	$ 184,395	$ 216,785	$ 213,567	$ 219,000	$ 221,699	$ 209,302	$ 211,446
Crop Production Services	150,172	162,220	183,955	203,967	204,347	202,195	171,783	161,626	153,967	161,847	178,052	184,999
Livestock Services	41,816	41,160	40,512	40,389	39,705	41,441	42,066	43,901	47,145	49,966	51,946	53,693
Financial Markets & Other Investments	9,754	10,667	8,333	8,952	8,777	6,213	7,905	9,403	8,765	10,329	9,407	10,443
	387,405	380,264	381,215	410,454	4 8,448	434 244	438 539	428,497	428 877	443 841	448,707	460 58
Operating, general & administration expenses												
Grain Handling	(134,955)	(30 144)	(129,020)	(36 394)	(35,967)	(139,496)	(142 869)	(40 080)	(146,797)	(45 5 8)	(143,948)	(143,969)
Crop Production Services	(107,930)	(1 241)	(1 0,533)	(06 893)	(104,825)	(108,012)	(08 765)	(08,392)	(1 1,846)	(103 6)	(1 2 28)	(1 2, 43)
Livestock Services	(30,635)	(30,447)	(30,057)	(30 671)	(31,5 3)	(32,773)	(33 573)	(33 822)	(34,470)	(33 701)	(33,386)	(33,922)
Financial Markets & Other Investments	(3,523)	(2,461)	(1,720)	(2,042)	(2,041)	(1,953)	(1,988)	(3,417)	(4,816)	(5,738)	(5,200)	(5,217)
Corporate Administration	(42 97)	(39,689)	(36 201)	(33,923)	(34,214)	(33 537)	(36 772)	(38,646)	(37 891)	(38,789)	(37,653)	(36,593)
	(319 240)	(3 3,982)	(307 53)	(309,923)	(308,560)	(315 77)	(323,967)	(324,357)	(335 820)	(334,062)	(332,315)	(331,844)
EBITDA												
Grain Handling	50,708	36,073	9 395	20 752	29,652	44,899	73,916	73 487	72,203	76 8	65 354	67 477
Crop Production Services	42,242	50,979	73,422	97,074	99,522	94, 83	63,018	53,234	42, 2	51,53	65 924	72 856
Livestock Services	11,181	10,713	10,455	9,718	8,192	8,668	8,493	10,079	12,675	16,265	18,560	19,771
Financial Markets & Other Investments	6,231	8,206	6,613	6,910	6,736	4,260	5,917	5,986	3,949	4,591	4,207	5,226
Corporate Administration	(42 97)	(39 689)	(36,201)	(33,923)	(34 214)	(33,537)	(36,777)	(38,646)	(37 891)	(38,789)	(37,653)	(36,593)
	68, 65	66 282	73,684	00,53	109,888	18 473	14,572	04,140	93,057	09 779	16 392	128,737
Depreciation & amortization												
Grain Handling	(36,395)	(36 32)	(35 428)	(35 692)	(34,772)	(33 745)	(32 388)	(32 077)	(31,880)	(31,450)	(3 085)	(29 4 1)
Crop Production Services	(22,564)	(23,295)	(23,894)	(24,403)	(23,600)	(22,54)	(2 829)	(2 485)	(21,36)	(2 ,230)	(2 136)	(205 6)
Livestock Services	(3, 93)	(3, 73)	(3 00)	(3,2 9)	(3,267)	(3 313)	(3 370)	(3 857)	(4, 02)	(4,332)	(4 544)	(4,239)
Financial Markets & Other Investments	(1,361)	(591)	(80)	(80)	(80)	(80)	(61)	(115)	(141)	(170)	(222)	(202)
Corporate Administration	(9,37)	(9 235)	(9,200)	(9,206)	(8,832)	(8 364)	(7 852)	(7,677)	(7 319)	(7 066)	(6 814)	(6,349)
	(72 884)	(72 426)	(7 ,702)	(72,600)	(70,55)	(68 043)	(65,500)	(65,2 1)	(64 803)	(64 248)	(63 801)	(60,7 7)
EBIT												
Grain Handling	14,313	(59)	(16,033)	(14,940)	(5,120)	11,154	41,528	41,410	40,323	44,731	34,269	38,066
Crop Production Services	19,678	27,684	49,528	72,671	75,922	71,642	41,189	31,749	20,760	30,301	44,788	52,340
Livestock Services	7,988	7,540	7,355	6,499	4,925	5,355	5,123	6,222	8,573	11,933	14,016	15,532
Financial Markets & Other Investments	4,870	7,615	6,533	6,830	6,656	4,180	5,856	5,871	3,808	4,421	3,985	5,024
Corporate Administration	(5 ,568)	(48,924)	(45,401)	(43 129)	(43,046)	(41,901)	(44,624)	(46,323)	(45,210)	(45,855)	(44,467)	(42,942)
	(4,719)	(6,144)	1,982	27,931	39,337	50,430	49,072	38,929	28,254	45,531	52,591	68,020
Gain (loss) on disposal of assets	13,733	3,210	3,774	1,548	653	934	404	(289)	(369)	(590)	210	1,653
Interest & securitization expenses	(45,869)	(48 654)	(51 338)	(53,660)	(55,211)	(54,422)	(53 738)	(57 144)	(50,618)	(50,071)	(49,759)	(49,877)
Earnings from continuing operations, before taxes	(36,855)	(51,588)	(45,582)	(24,181)	(15,221)	(3,058)	(4,262)	(13,504)	(22,733)	(5,130)	3,042	19,796
Discontinued operations, net of tax	(1,644)	(433)	165	12,708	12,452	11,477	11,611		—			—
Income taxes	12,585	14,364	12,561	5,927	4,184	(707)	(824)	3,337	7,421	2,058	(674)	(7,282)
Net earnings (loss)	$ (25,914)	$ (37,657)	$ (32,856)	$ (5,546)	$ 1,415	$ 7,712	$ 6,525	$ (10,167)	$ (15,312)	$ (3,072)	$ 2,368	$ 12,514
Cash flow from operations	$ 4,016	$ 2,129	$ 8,673	$ 48,404	$ 61,238	$ 65,113	$ 56,420	$ 52,297	$ 43,049	$ 60,663	$ 66,961	$ 75,302
Weighted average number of shares	45,280	45,284	45,292	45,299	45 306	45,276	45,276	45,278	45,281	45 321	45,332	45,343
Per Share:												
Earnings (loss)	$ (0.60)	$ (0.86)	$ (0.75)	$ (0.15)	$ 0.01	$ 0.15	$ 0.12	$ (0.25)	$ (0.36)	$ (0.09)	$ 0.03	$ 0.25
Earnings (loss), from continuing operations	$ (0.56)	$ (0.85)	$ (0.75)	$ (0.43)	$ (0.27)	$ (0.11)	$ (0.14)	$ (0.25)	$ (0.36)	$ (0.09)	$ 0.03	$ 0.25
Diluted earnings (loss)	$ (0.60)	$ (0.86)	$ (0.75)	$ (0.15)	$ 0.01	$ 0.15	$ 0.12	$ (0.25)	$ (0.36)	$ (0.09)	$ 0.03	$ 0.25
Diluted earnings (loss), from continuing operations	$ (0.56)	$ (0.85)	$ (0.75)	$ (0.43)	$ (0.27)	$ (0.11)	$ (0.14)	$ (0.25)	$ (0.36)	$ (0.09)	$ 0.03	$ 0.25
Cash flow from operations, per share	$ 0.06	$ 0.02	$ 0.17	$ 1.04	$ 1.33	$ 1.41	$ 1.22	$ 1.13	$ 0.93	$ 1.31	$ 1.45	$ 1.64
Operating Statistics												
Grain shipped (000 tonnes)	7,318	6,782	6,362	7,411	8,190	9,142	10,323	10,007	10,235	10,165	9,723	9,945
Crop protection, crop nutrition and seed sales ($ 000s)	$ 686,894	$ 729,092	$ 785,578	$ 826,825	$ 819,850	$ 828,684	$ 775,704	$ 735,229	$ 748,033	$ 770,079	$ 797,753	$ 815,802
Manufactured livestock feed sold (000 tonnes)	909	893	861	816	806	816	839	885	919	942	966	982
Non-feed gross profit ($ 000s)	$ 3,365	$ 3,415	$ 4,061	$ 4,929	$ 4,738	$ 5,753	$ 5,957	$ 5,930	$ 7,250	$ 8,712	$ 9,006	$ 10,823
Operating Ratios:												
Grain Handling gross profit per tonne	$ 25.37	$ 24.51	$ 23.33	$ 21.20	$ 20.22	$ 20.17	$ 21.00	$ 21.34	$ 21.40	$ 21.81	$ 21.53	$ 21.26
Crop Production Services sales margin (%)	21.9%	22.3%	23.4%	24.7%	24.9%	24.4%	22.2%	22.0%	20.6%	21.0%	22.3%	22.7%
Livestock Services feed margin per tonne	$ 42.30	$ 42.27	$ 42.34	$ 43.46	$ 43.38	$ 43.74	$ 43.04	$ 42.91	$ 43.41	$ 43.79	$ 44.45	$ 43.66

Agricore United
Other Operating Statistics – 2003 to 2005
(in thousands, unless otherwise stated – unaudited)

	2003 Q1	2003 Q2	2003 Q3	2003 Q4	2004 Q1	2004 Q2	2004 Q3	2004 Q4	2005 Q1	2005 Q2	2005 Q3	2005 Q4
As at												
Book value per share	$ 10.51	$ 10.02	$ 10.96	$ 10.77	$ 10.45	$ 10.06	$ 10.96	$ 10.40	$ 9.98	$ 9.87	$ 10.88	$ 10.55
Book value per share (diluted)	$ 9.81	$ 9.44	$ 10.16	$ 10.02	$ 9.77	$ 9.48	$ 10.15	$ 9.73	$ 9.41	$ 9.32	$ 10.09	$ 9.84
Closing Trading Price	$ 4.95	$ 5.28	$ 7.50	$ 8.18	$ 9.55	$ 7.93	$ 8.75	$ 7.64	$ 8.46	$ 8.22	$ 8.80	$ 7.10
Executive Stock Option – Weighted Average Exercise Price	$ 10.15	$ 10.15	$ 10.15	$ 10.16	$ 10.15	$ 9.96	$ 9.97	$ 9.96	$ 9.53	$ 9.53	$ 9.53	$ 9.53
Convertible Securities												
Common shares issued and outstanding	45,286	45,294	45,307	45,310	45,313	45,297	45,307	45,315	45,328	45,337	45,351	45,361
Series "A" Convertible Preferred Shares	1,105	1,105	1,105	1,105	1,105	1,105	1,105	1,105	1,104	1,104	1,104	1,104
9% Convertible unsecured subordinated debentures	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000
Stock Options	609	608	606	603	566	734	733	732	896	894	894	893
Total Convertible Securities	61,000	61,007	61,018	61,018	60,984	61,136	61,145	61,152	61,328	61,335	61,349	61,358
Assets – By Segment												
Grain Handling	808,537	749,410	691,061	819,767	739,772	791,126	717,221	734,522	697,498	737,272	680,244	765,768
Crop Production Services	543,051	709,857	500,798	521,423	556,664	709,891	446,997	451,010	574,178	750,250	436,921	485,972
Livestock Services	117,981	120,923	125,578	124,473	134,995	147,718	142,433	130,887	126,227	125,269	120,812	117,101
Financial Markets & Other Investments	9,481	9,172	10,592	12,629	6,404	6,325	8,221	11,192	7,127	9,535	11,247	15,106
Discontinued Operations	1,577	2,925	845	—	—	—	—	—	—	—	—	—
Corporate Administration	137,157	153,303	97,472	95,209	122,176	125,749	94,626	125,757	108,483	111,585	83,201	93,252
For the quarter ended												
Dividends	$ —	$ —	$ —	$ 2,464	$ 1,359	$ 1,359	$ 1,359	$ 2,464	$ 1,360	$ 1,360	$ 1,360	$ 2,466
Industry Shipments	4,178	3,787	5,527	7,092	6,824	6,837	7,809	7,399	7,158	7,046	6,993	7,650
Grain Market Share	35.5%	40.4%	29.7%	38.9%	33.1%	36.3%	36.1%	33.1%	34.8%	34.2%	34.0%	34.9%
Terminal Handle	475	531	1,133	1,603	1,181	1,102	1,702	1,621	1,381	1,129	1,710	1,671
Terminal Handle as a % of Grain Shipments	32.1%	34.7%	69.1%	58.1%	52.2%	44.4%	60.4%	66.3%	55.5%	46.8%	71.9%	62.7%
For the year-to-date ended												
Dividends	$ —	$ —	$ —	$ 2,464	$ 1,359	$ 2,718	$ 4,077	$ 6,541	$ 1,360	$ 2,720	$ 4,080	$ 6,546
Industry Shipments	4,178	7,965	13,492	20,584	6,824	13,661	21,470	28,869	7,158	14,204	21,197	28,847
Grain Market Share	35.5%	37.8%	34.5%	36.0%	33.1%	34.7%	35.2%	34.7%	34.8%	34.5%	34.3%	34.5%
Terminal Handle	475	1,006	2,139	3,742	1,181	2,283	3,985	5,606	1,381	2,510	4,220	5,891
Terminal Handle as a % of Grain Shipments	32.1%	33.4%	46.0%	50.5%	52.2%	48.1%	52.7%	56.0%	55.5%	51.2%	58.0%	59.2%
For the trailing twelve months ended												
Dividends	$ 4,728	$ 4,728	$ 4,728	$ 2,464	$ 3,823	$ 5,182	$ 6,541	$ 6,541	$ 6,542	$ 6,543	$ 6,544	$ 6,546
Industry Shipments	21,610	20,182	19,291	20,584	23,230	26,280	28,562	28,869	29,203	29,412	28,596	28,847
Grain Market Share	33.9%	33.6%	33.0%	36.0%	35.3%	34.8%	36.1%	34.7%	35.1%	34.6%	34.0%	34.5%
Terminal Handle	3,728	3,256	2,853	3,742	4,448	5,019	5,588	5,606	5,806	5,833	5,841	5,891
Terminal Handle as a % of Grain Shipments	50.9%	48.0%	44.8%	50.5%	54.3%	54.9%	54.1%	56.0%	56.7%	57.4%	60.1%	59.2%

Agricore United™



"**Agricore United** has its "company eyes" fixed on a future that involves knowledge intensive connections to customers, augmenting our existing strong connections."

Brian Hayward, CEO

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Ernest J. Sirski [1, 2, 7]
Dauphin, Manitoba

James M. Wilson [1, 2, 4*]
Darlingford, Manitoba

Committees
1. Agricultural Policy Committee
2. Audit Committee
3. Compensation/Pension Commitee
4. Risk Review Committee
5. Executive Committee
6. Nominating and Governance Committee
7. Member and Community Relations Committee

*Committee Chair

AUDITORS

PricewaterhouseCoopers LLP

BANKS

The Bank of Nova Scotia
HSBC Bank Canada
Rabobank International
Canadian Imperial Bank of Commerce
Société Générale (Canada)
National Bank of Canada
Bank of Montreal
Sumitomo Mitsui Banking Corporation of Canada
Royal Bank of Canada

STOCK EXCHANGE

Toronto Stock Exchange

Stock symbols:
AU.LV – Limited Voting Common Shares
AU.PR.A – Series 'A' convertible preferred shares
AU.DB – 9% convertible unsecured subordinated debentures

TRANSFER AGENT

Computershare Trust Company of Canada

ADDRESS FOR SHAREHOLDER INQUIRIES

Agricore United
CanWest Global Place
201 Portage Avenue
P.O. Box 6600
Winnipeg, Manitoba
Canada R3C 3A7

Shareholder Services Administration:
Telephone: 204-944-3664
Toll Free: 1-800-661-4844
Facsimile: 204-944-5543

Investor Relations:
Telephone: 204-944-5651

www.agricoreunited.com

Incorporated July 20, 1906

ANNUAL MEETING

The annual shareholders' meeting will be held at 9:00 a.m., Wednesday, February 8, 2006 at The Fairmont Hotel Winnipeg, Two Lombard Place, Winnipeg, Manitoba, Canada.

TRADEMARKS

List of trademarks used in this report:
Agricore United™
Agricore United Financial™
Unifeed Financial™
Unifeed™
Proven® Seed
Smart Haul®
Linola™

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